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The Near and Middle East

(in two parts)
Part 1

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II

PREFACE

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other Government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of the Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

> a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
>
> b. To condense the record and avoid repetition of needless details.
>
> c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
>
> d. To avoid giving needless offense to other nationalities or individuals.
>
> e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government. The Center, in coordination with the geographic bureaus of the Department of State, conducts communications with foreign governments regarding documents or information of those governments proposed for inclusion in *Foreign Relations* volumes.

John P. Glennon supervised the preparation of this volume. Ralph R. Goodwin assisted in the initial planning. Paul Claussen prepared the section on the Arab-Israeli conflict. Carl N. Raether compiled the section on Egypt. The remainder of the volume was done by Joan M. Lee. Mr. Claussen and Nina J. Noring assisted in declassification and final editing.

Until his retirement in 1979, Deputy Historian Fredrick Aandahl directed the entire *Foreign Relations* project, including the preparation of this volume.

The Documentary Editing Section performed technical editing under the supervision of Margie R. Wilber and Rita M. Baker in the Publishing Services Division (Paul M. Washington, Chief). The Twin Oaks Indexing Collective prepared the index.

WILLIAM Z. SLANY
The Historian
Bureau of Public Affairs

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LIST OF ABBREVIATIONS

A, airgram
ACSP, Arab Collective Security Pact
AC & W, Aircraft Control and Warning
AEC, Atomic Energy Commission
AF, Office of African Affairs, Department of State
AIOC, Anglo-Iranian Oil Company
ALCSP, Arab League Collective Security Pact
AmEmb, American Embassy
AMINCO, **AMINOIL**, American Independent Oil Company
ANZUS, Australia, New Zealand
API, American Petroleum Institute
ARA, Bureau of Inter-American Affairs, Department of State
Aramco, Arabian-American Oil Company
ARMA, **ARMAT**, **ArmAtt**, Army Attaché
AV, Aviation Policy Staff, Office of Transport and Communications Policy, Department of State
BAPCO, Bahrein Petroleum Company
bbl, barrel
BD, board
BDCC, British Defense Coordinating Committee (Middle East)
BG, David Ben-Gurion
BNA, Office of British Commonwealth and Northern European Affairs, Department of State
BOP, Board of Policy Planning, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
BP, British Petroleum Company (formerly Anglo-Iranian Oil Company)
bp/d, barrels per day
BPT, Business Practices and Technology Staff, Office of Economic Defense and Trade Policy, Department of State
CA, circular airgram
CA, Offfice of Chinese Affairs, Department of State
CALTEX, California-Texas Oil Company
CFP, Compagnie Française des Petroles
CIA, Central Intelligence Agency
CINCNELM, Commander in Chief, Eastern Atlantic and Mediterranean
CINCSOUTH, Commander in Chief, Allied Forces, Southern Europe
cirtel, circular telegram
CMD, Command
Comdr, Commander
Comite, Committee
ConGen, Consulate General
Contel, Consulate telegram
coord, coordinated
CP, Crown Prince
CRANE, Committee on Regional Activities in the Near East
DAF, Dhahran Air Field
Decln, Declaration
Delga, series indicator for telegrams from the U.S. Delegations at the United Nations General Assembly; also used to refer to the U.S. Delegation at the United Nations General Assembly
Depagm, Department of State airgram
Depcirgram, Department of State circular airgram
Depcirtel, Department of State circular telegram
Deptel, Department of State telegram
desp, despatch
DirGen, Director General
DMS, Director of Mutual Security
DRN, Division of Research for the Near East, South Asia and Africa, Department of State
Dulte, series indicator for personal telegrams from Secretary of State Dulles while away from Washington
DZ, Demilitarized Zone
E, Bureau of Economic Affairs, Department of State
ECA, Economic Cooperation Administration
ECOSOC, Economic and Social Council of the United Nations
EDT, Office of Economic Defense and Trade Policy, Department of State
EIMAC, Egypt-Israel Mixed Armistice Commission
Embdesp, Embassy despatch

Embtel, Embassy telegram
ETA, estimated time of arrival
EUR, Bureau of European Affairs, Department of State
Ex-Im, Export-Import Bank
FCN, Friendship, Commerce and Navigation (Treaty)
Fed Gov, Fed Rep, Government of the Federal Republic of Germany
FOA, Foreign Operations Administration
F.O., Foreign Office
F.O.B., free on board
FonMin, Foreign Minister, Ministry
FonOff, Foreign Office
Fr, France, French
FTC, Federal Trade Commission
FY, fiscal year
FYI, for your information
G, Office of the Deputy Under Secretary of State
G-2, U.S. Army Intelligence
G-3, Army general staff section dealing with operations and training at the divisional or higher level
GA, United Nations General Assembly
Gadel, series indicator for telegrams to the U.S. Delegation at the United Nations General Assembly
GHQ, General Headquarters
GMT, Greenwich mean time
GOE, Government of Egypt
GOI, Government of India; Government of Israel
GOL, Government of Lebanon
GOP, Government of Pakistan
GOS, Government of Syria
Grk, Greek
GTI, Office of Greek, Turkish, and Iranian Affairs, Department of State
H, Office of the Assistant Secretary of State for Congressional Relations, Department of State
HICOG, U.S. High Commissioner for Germany
HICOM, High Commission(er)
HKJ, Hashemite Kingdom of Jordan
HM, His/Her Majesty
HMG, His/Her Majesty's Government
HQ, Headquarters
HRH, His/Her Royal Highness
IBRD, International Bank for Reconstruction and Development
ICPA, International Cooperative Petroleum Association
IG, Government of Iraq; Government of Israel
INR, Bureau of Intelligence and Research, Department of State
IO, Bureau of International Organization Affairs, Department of State
IPC, Iraq Petroleum Company
JCS, Joint Chiefs of Staff
Jlem, Jerusalem
JSSC, Joint Strategic Service Committee
KOC, Kuwait Oil Company
KUOCO, Kuwait Oil Company
L, Office of the Legal Adviser, Department of State
L/E, Assistant Legal Adviser for Economic Affairs, Department of State
L/NEA, Office of the Assistant Legal Adviser for Near Eastern, South Asian, and African Affairs, Department of State
Leb, Lebanon
Legdesp, Legation despatch
Legtel, Legation telegram
MAAC, Mutual Assistance Advisory Committee
MAAG, Military Assistance Advisory Group
MAC, Mixed Armistice Commission
MAG, Military Advisory Group
MATS, Military Air Transport Service
MDA, Mutual Defense Assistance
MDAP, Mutual Defense Assistance Program
MDS, Mutual Defense Security (Act)
ME, Middle East
MEC, Middle East Command
MECO, Middle East Command Organization
MEDLO, Middle East Defense Liaison Office
MEDO, Middle East Defense Organzation
MEDRECO, Mediterranean Refining Company
MELF, Middle East Land Forces
MinDef, Minister, Ministry of Defense
MinFonAff, Minister, Ministry of Foreign Affairs
MS, Mutual Security
MSA, Mutual Security Agency/Act
MSA/E, Mutual Security Agency/Europe
MSA/W, Mutual Security Agency/Washington
MSP, Mutual Security Program
MSTS, Military Sea Transportation Service
mytel, my telegram
NA, North Africa
NAC, North Atlantic Council
NATO, North Atlantic Treaty Organization

NE, Near East; also, Office of Near Eastern Affairs, Department of State
NEA, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
NEACC, Near East Arms Coordinating Committee
NED, Near East Development (Corporation)
NE/E, Office of Near Eastern Affairs/Economics
niact, night action, immediate reply
NIE, National Intelligence Estimate
NSC, National Security Council
NZ, New Zealand
OCB, Operations Coordinating Board
ODM, Office of Defense Mobilization
OFD, Office of Financial and Development Policy (E Bureau), Department of State
OFMA, Office of Foreign Military Affairs, Department of State
OIR/OD, Office of Intelligence Research, Department of State
OMA, Office of Military Assistance, Office of the Assistant to the Secretary of Defense (International Security Affairs)
OMP, Office of International Materials Policy, Department of State
ONI, Office of Naval Intelligence, Department of the Navy
OSA, Office of South American Affairs, Department of State
OSD, Office of the Secretary of Defense
PCC, Palestine Conciliation Commission
PDTC, Petroleum Development Inc., Trucial Coast
PED, Petroleum Policy Staff, Office of International Materials Policy, Department of State
PG, Persian Gulf
PL, Public Law
PLDC, Palestine Land Development Corporation
PM, Prime Minister
POC, Peace Observation Commission
PPS, Policy Planning Staff, Department of State
PriMin, Prime Minister
PWOC, Pacific Western Oil Company
R, Office of the Special Assistant for Intelligence, Department of State
RA, Office of European Regional Affairs, Department of State
RAF, Royal Air Force
Rapun, series indicator for telegrams from or concerning the U.S. Member of the Advisory Commission to the U.N. Relief and Works Agency for Palestine Refugees in the Near East
RCC, Revolutionary Command Council of Egypt
RECNE, Regional Coordinating Committee for the Near East
refdes, reference despatch
reftel, reference telegram
S, Office of the Secretary of State
S/A, Office of the Ambassador at Large
SA, Saudi Arabia
SACEUR, Supreme Allied Commander, Europe
SACLANT, Supreme Allied Commander, Atlantic
SACME, Supreme Allied Commander, Middle East
SAG, Saudi Arabian Government
SC, Security Council, United Nations
SCA, Bureau of Security and Consular Affairs, Department of State
SE, Special Estimate
SEA, Southeast Asia
Secto, series indicator for telegrams for the U.S. delegation at Foreign Ministers' meetings
Secy, Secretary
SG, Standing Group, NATO
SHAPE, Supreme Headquarters, Allied Powers, Europe
S/MSA, Special Assistant to the Secretary of State for Mutual Security Affairs
S/P, Policy Planning Staff, Department of State
S/S, Executive Secretariat, Department of State
SOA, Office of South Asian Affairs, Department of State
SONJ, Standard Oil Company of New Jersey
STA, designation for Department of State briefing papers
SWE, Division of Southwest European Affairs, Department of State
Tapline, Trans Arabian Pipeline Company
TCA, Technical Cooperation Administration, Department of State
Tedul, series indicator for personal telegrams to Secretary of State Dulles while away from Washington
Telac, series indicator for personal telegrams to Secretary of State Acheson while away from Washington
Tosec, series indicator for telegrams from the Department of State to the Secretary of State (or his delegation)

in connection with international conferences

Totec, designation for telegrams dealing with technical assistance

TRC, Office of Transport and Communication Policy, Department of State

TS, top secret

TSO, Truce Supervision Organization

TVA, Tennessee Valley Authority

TWA, Trans World Airlines

U, Office of the Under Secretary of State

UN, United Nations

UNA, Bureau of United Nations Affairs, Department of State

UNGA, United Nations General Assembly

unnum, unnumbered

UNP, Office of United Nations Political and Security Affairs, Department of State

Unrap, series indicator for telegrams to or concerning the U.S. Member of the Advisory Commission to the U.N. Relief and Works Agency for Palestine Refugees in the Near East

UNRWA, United Nations Relief and Works Agency for Palestine and the Near East

UNSC, United Nations Security Council

UNTSO, United Nations Truce Supervision Organization

urtel, your telegram

USA, United States Army

USAF, United States Air Force

USAFE, United States Air Force, Europe

USCINCEUR, United States Commander in Chief, Europe

Usfoto, series indicator for telegrams and airgrams from the Foreign Operations Administration to missions abroad

USG, United States Government

USGADel, United States Delegation at the United Nations General Assembly

USIA, United States Information Agency

USIE, United States Information and Educational Exchange Program

USMC, United States Maritime Commission

USN, United States Navy

USOM, United States Operations Mission

USOMJ, United States Operations Mission in Jordan

USSR, Union of Soviet Socialist Republics

UST, *United States Treaties and Other International Agreements*

USUN, United States Mission at the United Nations

WE, Western Europe; Office of Western European Affairs, Department of State

Weeka, weekly, interagency, summary analysis from United States diplomatic missions

Wirom, series indicator for certain Department of State administrative telegrams

YY, Yusuf Yassin

LIST OF PERSONS

Editor's Note: Throughout this volume, individuals generally are identified in context as their names appear. This list is designed to provide ready reference for identification, is generally limited to positions and circumstances under reference in the volume, and is confined to the years 1952-1954. All titles and positions are American unless otherwise noted. Where no dates are given, the individual usually held the position throughout the period covered by the volume.

Abbey, Glenn A., Counselor of the Legation in Saudi Arabia until June 5, 1953; thereafter Consul General at Barcelona.

Abboud, Ahmed, Director of the Suez Canal Company and Member of the Industrial and Commercial Society of Egypt.

ibn Abdul Aziz, Faisal, Saudi Arabian Minister of Foreign Affairs and Viceroy of Hijaz; Crown Prince and Deputy President of the Council of Ministers, November 9, 1953-August 1954; thereafter Crown Prince and President of the Council of Ministers.

Acheson, Dean, Secretary of State until January 20, 1953.

Achilles, Theodore C., Vice Deputy Representative with personal rank of Minister to the North Atlantic Council until April 1, 1952; Deputy Chief of Mission with personal rank of Minister in France, April 1-September 18, 1952; Chief of Mission, September 18, 1952-August 25, 1954; thereafter Minister of the Embassy in France.

Acikalin, Cevat, Turkish Ambassador to the United Kingdom until 1952; Secretary General of the Turkish Ministry of Foreign Affairs, 1952-1954; Ambassador to Italy from 1954.

Adams, Sherman, Assistant to the President from January 20, 1953.

Adenauer, Konrad, Chancellor and Minister of Foreign Affairs of the Federal Republic of Germany.

Aldrich, Winthrop W., Ambassador to the United Kingdom from February 20, 1953.

Ali, Amjad, Pakistani Delegate to the United Nations, 1952-1953; Delegate to the United Nations Board of Governors, 1954; Ambassador to the United States from September 26, 1953.

Alireza, Sheikh Mohammed, Saudi Arabian Minister of Commerce and Industries from 1954.

Allen, Francis O., Division of Research for Near East, South Asia, and Africa, Department of State, until March 1954; thereafter Officer in Charge of Lebanon-Syria Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs.

Allen, George V., Ambassador to Yugoslavia until March 11, 1953; Ambassador to India and Nepal, May 4, 1953-November 30, 1954.

Allen, Sir Roger, Head of the African Department of the British Foreign Office until September 28, 1953; Assistant Under Secretary of State of the African, Eastern, and Levant Department, September 28, 1953-June 10, 1954; thereafter Deputy High Commissioner in the Federal Republic of Germany at Bonn.

Amer, Lieutenant General Abdul Hakim, Commander in Chief of the Egyptian Armed Forces as of June 1953; Minister of War and Marine in the Nasser Cabinet from April 1954.

Amer, Major General Hussein Sirry, Commander of the Egyptian Army Frontier Corps to July 1952.

Amin, Lieutenant Colonel Abdel, participant in the Egyptian Revolution of July 1952 and member of the Rovolutionary Command Council.

Ammoun, Fouad S., Director General of the Lebanese Ministry of Foreign Affairs.

Andersen, H. Carl, Republican Representative from Minnesota; Member of the House Appropriations Committee from January 3, 1953.

Anderson, Frederick L., Deputy Special Representative in Europe at Paris from March 13, 1952.

Anderson, Robert B., Secretary of the Navy, February 4, 1953–May 3, 1954; thereafter Deputy Secretary of Defense.

Argov, Nehemia, Military Secretary to the Prime Minister of Israel.

Armstrong, Willis C., Special Assistant, Office of International Materials Policy, Bureau of Economic Affairs, Department of State, until August 4, 1952; Deputy Director, August 4, 1952–May 19, 1954; thereafter Acting Director.

Asha, Rafik, Syrian Delegate to the United Nations; Chargé of the Syrian Embassy in the United States, August 5–December 1952; Minister until March 1953.

Avriel, E., Director General of the Israeli Ministry of Finance.

Awalt, Frederick H., Officer in Charge of Arabian Peninsula Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, 1952.

Azmi, Mahmoud, Chief of the Egyptian Delegation to the United Nations and Representative at the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1952–1954.

Baban, Ahmad M., Chief of the Iraqi Royal Cabinet, 1952; Minister of Justice, 1953; Deputy Prime Minister, 1954.

Badawi (**Badaoui**), Dr. Helmy Baghat, Egyptian Minister of Commerce and Industry, December 1952–April 1954.

Baghdadi (**Bagdadi**), Abdel Latif, member of the Egyptian Revolutionary Command Council and Minister of War and Marine, June 1953–April 1954; Minister of Municipal and Rural Affairs in the Nasser cabinet from April 1954.

Bailey, Ronald W., Acting Chargé d'Affaires and First Secretary of the British Embassy in Lebanon until April 30, 1952; thereafter Near East Political Officer and First Secretary of the British Embassy in the United States.

Bakr, Abdallah Ibrahim, Minister and Chargé d'Affaires of the Iraqi Embassy in the United States until June 1953; Deputy Chief of the Royal Cabinet, June–September 1953; Minister of Foreign Affairs, September 1953–March 8, 1954; thereafter Chief of the Royal Cabinet.

Barco, James W., Member of the Delegation to the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1952–1954; Adviser on Political and Security Affairs, United States Mission to the United Nations from September 8, 1952; Member of the Disarmament Commission, 1952; Deputy Representative to the United Nations Conciliation Commission for Palestine from February 28, 1954.

Barnes, George A., Officer in the Department of Security Council Affairs of the United Nations until 1952; Member of the International Development Advisory Board of the Foreign Operations Administration from March 30, 1952.

Baroody, Jamil M., Alternate Representative of Saudi Arabia to the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1952–1954.

Barrow, John R., Second Secretary and Consul of the Embassy in Iraq until June 25, 1954; thereafter Consul General at Nairobi.

Barrows, Leland, Deputy Chief of the Mutual Security Agency Mission in Italy until May 22, 1952; Deputy Chief of the Mutual Security Agency Mission in

Greece, May 22–October 1, 1952; Chief of Mission in Greece, October 1, 1952–October 15, 1954; thereafter Chief of Mission in Vietnam.

Battle, Lucius D., Special Assistant to the Secretary of State until October 13, 1952; Office of the Special Assistant to the Secretary of State for Mutual Security Affairs, October 13, 1952–January 30, 1953; Attaché of the Embassy in Denmark, January 30, 1953–July 26, 1954; thereafter First Secretary.

Baxter, William O., First Secretary of the Embassy in Turkey until June 20, 1952; Deputy Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, June 20, 1952–October 10, 1954; thereafter Director.

Bayer, Celal, President of Turkey.

Beale, Wilson T.S., Jr., Officer in Charge of Economic Affairs, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, until July 20, 1952; thereafter Officer in Charge of United Kingdom and Ireland Affairs.

Beckett, J.A., Petroleum Attaché of the British Embassy in the United States until 1953.

Beckner, Earl R., Chief of the Chemicals and Semi-Manufactured Products Branch, Manufactured Products Staff, Bureau of Economic Affairs, Department of State, until February 15, 1954; thereafter Assistant Chief of the Petroleum Staff.

Beeley, Harold, Counselor and Acting Chargé d'Affaires of the British Embassy in Denmark, 1952; Counselor of the British Embassy in the United States from February 18, 1953.

Beigel, Edgar J., Office of Western European Affairs, Bureau of European Affairs, Department of State.

Benard, Jean P., Counselor of the French Embassy in the United States until February 1954.

Ben Gurion, David, Prime Minister of Israel until December 9, 1953; Minister of Defense until January 4, 1954.

Ben-Horin, Eliashiv, First Secretary of the Israeli Embassy in the United States until summer 1954.

Bennike, Major General Vagn, Danish military officer; Chairman of the Israeli-Syrian Mixed Armistice Commission until June 9, 1953; Chief of Staff, United Nations Truce Supervision Commission, June 9, 1953–September 2, 1954.

Bergus, Donald C., Second Secretary and Consul of the Embassy in Lebanon until August 4, 1954; thereafter Officer in Charge of Israel-Jordan Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

Berry, Burton Y., Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs until June 25, 1952; Ambassador to Iraq, August 11, 1952–May 3, 1954.

Berry, James L., detailed to Air War College until September 2, 1952; Member, Policy Planning Staff, Department of State, September 2, 1952–October 19, 1953; Deputy Operations Coordinator, Office of the Under Secretary of State, October 19, 1953–June 14, 1954; Consul General with personal rank of Minister at Singapore from June 18, 1954.

Bidault, Georges, French Deputy Prime Minister and Minister of National Defense until March 8, 1952; Minister of Foreign Affairs, January 8, 1953–June 19, 1954.

Birgi, Nuri, Under Secretary General of Turkey; Secretary General of the Turkish Ministry of Foreign Affairs.

Bishop, Max W., Consul General at Dhahran until January 4, 1954; Staff Member of the Operations Coordinating Board, January 4–November 2, 1954; thereafter Special Assistant to the Under Secretary of State.

Bissell, Richard M., Jr., Deputy Director of the Mutual Security Agency, January 14–18, 1952; thereafter Consultant to the Director for Mutual Security.

Blanchet, Jeremy, Committee Officer, Committee Secretariat Staff of the Executive Secretariat, Department of State, January–May 1953; Foreign Affairs Analyst, Executive Secretariat, June–August 1953; thereafter Research Analyst, Foreign Operations Administration.

Blandford, John B., Jr., Director with personal rank of Minister of the United Nations Relief and Works Agency for Palestine Refugees in the Near East until March 7, 1953.

Blankenhorn, Herbert, Ministerial Director and Director of the Political Department of the German Ministry of Foreign Affairs.

Boardman, Francis, International Economist, Office of Near Eastern Affairs, Department of State, until April 13, 1952; thereafter Deputy Officer in Charge of Economic Affairs.

Bohlen, Charles E., Counselor of the Department of State and Member of the Senior Staff of the National Security Council until March 1953; Ambassador to the Soviet Union from April 20, 1953.

Bolté, General Charles L., USA, Assistant Chief of Staff for Operations until August 1952; Commander of the Seventh Army in Germany, August 1952–April 1953; Commander in Chief, U.S. Army in Europe, April–October 1953; thereafter, Vice Chief of Staff of the Army.

Bolton, Frances P., Republican Representative from Ohio; Delegate at the 8th Regular Session of the United Nations General Assembly, 1953.

Bonbright, James C.H., Jr., Deputy Assistant Secretary of State for European Af[illegible]ntil April 15, 1954; thereafter Special Assistant to the Permanent Repres[illegible]ive in Europe.

Bonnet, Henri, French Ambassador to the United States.

Bowie, Robert R., Director of the Policy Planning Staff, Department of State, and Member of the National Security Council Planning Board from May 18, 1953.

Bowker, Sir Reginald J., British Assistant Under Secretary of State until January 13, 1954; thereafter Ambassador to Turkey.

Bowles, Chester B., Ambassador to India until March 23, 1953.

Bradley, General of the Army Omar N., USA, Chairman of the Joint Chiefs of Staff and Representative to the NATO Standing Group and Military Committee until August 14, 1953.

Brook, John H., Petroleum Attaché of the British Embassy in the United States from 1953.

Brougham, Robert I., Vice President for Finance, Arabian American Oil Company.

Brown, Winthrop G., Director, Office of International Materials Policy, Bureau of Economic Affairs, Department of State, until June 13, 1952 Attaché of the Embassy in the United Kingdom, June 13–August 20, 1952; thereafter Counselor.

Brownell, Herbert, Jr., Attorney General of the United States from January 21, 1953.

Bruce, David K.E., Ambassador to France until March 10, 1952; Under Secretary of State, April 1, 1952–January 20, 1953; Consultant to the Secretary of State, January 20–February 18, 1953; thereafter Political Officer and Observer at the Interim Committee of the European Defense Community at Paris and Representative to the European Coal and Steel Community at Luxembourg.

Bruins, John H., Counselor of the Embassy in Lebanon until August 12, 1954.

Bryan, Belton O'Neal, Special Assistant to the Director, Office of the Special Assistant for Mutual Security Affairs, Department of State, until June 7, 1953; Liaison Officer, Bureau of Security and Consular Affairs, June 7, 1953–May 9, 1954; thereafter Director, Office of Munitions Control.

BUCKMASTER, Hon. Martin S., Acting Consul of Great Britain at Sharjah, 1952; Assistant Political Officer, 1952-November 9, 1953; thereafter Assistant Political Officer in Abu Dhabi.

BUNCHE, Ralph J., Principal Director, Department of Trusteeship and Information for Non-Self-Governing Territories, United Nations Secretariat; Under Secretary of the United Nations Secretariat, 1954.

BUNGER, Mills E., Chief of Water Resources and Development in Jordan from February 12, 1952.

BURDETT, William C., Jr., First Secretary of the Embassy in Iran until January 15, 1953; Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, from March 2, 1953.

BURNS, Major General Eedon L.M., Canadian military officer; Deputy Minister of Rehabilitation, Department of Veteran's Affairs; National President, United Nations Association of Canada, 1952-1953; Director, United Nations Truce Supervision Organization in Palestine from August 11, 1954.

BURNS, Robert L., Acting Political Adviser to the Special Representative of the Secretary of State in the Near East for Economic and Technical Assistance at Beirut, 1952.

BURROWS, Bernard A., Counselor of the British Embassy in the United States until July 27, 1953; thereafter Political Resident in Bahrain.

BUTLER, Victor, British Under Secretary for Fuel and Power.

BUTTERWORTH, W. Walton, Ambassador to Sweden until December 9, 1953; thereafter Minister of the Embassy in the United Kingdom.

BYROADE, Henry A., Director, Bureau of German Affairs, Department of State, until April 14, 1952; thereafter Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

CABELL, Major General Charles P., USAF, Promoted to Lieutenant General July 5, 1952; Director of the Joint Staff, Joint Chiefs of Staff, until April 23, 1953; thereafter Deputy Director of Central Intelligence.

CAFFERY, Jefferson, Ambassador to Egypt.

CANNON, Cavendish, Envoy to Syria until May 8, 1952; Ambassador to Portugal, June 2, 1952-August 1, 1953; Ambassador to Greece from September 2, 1953.

CAPOMAZZA DI CAMPOLATTARO, Benedetto, Minister of the Italian Embassy in Israel from December 16, 1953.

CARROLL, Brigadier General Paul T., USA (Colonel until 1953), Staff Secretary and Defense Liaison Officer at the White House, January 21, 1953-September 17, 1954.

CARNEY, Admiral Robert B., USN, Commander in Chief, Allied Forces, Southern Europe until August 17, 1953; thereafter Chief of Naval Operations.

CARRAUD, Pierre, Second Secretary of the French Embassy in the United States from April 1953.

CARVER, Leslie J., British; Deputy Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, October 19, 1952-March 7, 1953; Acting Director, March 7, 1953-June 15, 1954.

CASE, John C., Vice President and Director, Socony-Vacuum Oil Company, Inc.; President and Director, Colombian Petroleum Company; Vice President and Director, South American Gulf Oil Company.

CASSIN, Vernon, Assistant Attaché of the Embassy in Jordan until August 7, 1952; thereafter, Attaché.

CHAMOUN, Camille, President of Lebanon from September 22, 1952.

CHAPMAN, Alec, Representative of the Arabian-American Oil Company.

CHAPMAN, Oscar L., Secretary of the Interior until January 20, 1953.

CHARPENTIER, Pierre-Albert, Director General of Economic, Financial, and Technical Affairs, French Ministry of Foreign Affairs; Chairman, Consultative Group in Export Policy; President, with rank of Ambassador, of the French Delegation to the Organization for European Economic Cooperation.

CHEHAB, Amir Khalid, Lebanese Prime Minister and Minister of the Interior, October 1, 1952-May 1, 1953.

CHEHAB, General Fuad, Commander in Chief of the Lebanese Army; Prime Minister, Minister of Interior, and Minister of Defense, September 1952.

CHERWELL, Lord (Frederick Alexander Lindemann), Paymaster General and adviser on Energy and Scientific Affairs to the British Prime Minister.

CHURCHILL, Winston S. (Sir Winston from April 24, 1953), Prime Minister and First Lord of the Treasury of Great Britain; Minister of Defense until March 1, 1952.

CLAPP, Gordon R., Chairman of the Board of Directors of the Tennessee Valley Authority at Knoxville.

CLARK, Harlan B., First Secretary and Consul of the Legation in Syria until October 19, 1953; Counselor, October 19, 1953-July 1, 1954.

CLAUZEL, Chislain, Deputy Director for Economic Affairs, French Ministry of Foreign Affairs.

COLE, William E., Jr., Consul at Accra until February 5, 1954; Consul at Jerusalem, February 5-July 28, 1954; thereafter Consul General at Jerusalem.

COLEMAN, Stewart P., Director, Standard Oil Company of New Jersey; Director of the Arabian-American Oil Company and the Trans-Arabian Pipeline Company.

COLLINS, General J. Lawton, USA, Chief of Staff, United States Army until August 14, 1953; thereafter Representative to the NATO Military Committee and Standing Group.

COLLINS, Varnum L., Jr., Officer in Charge of Italian and Austrian Affairs, Bureau of European Affairs, Department of State until August 15, 1953; detailed to National War College, August 15, 1953-June 20, 1954; thereafter First Secretary and Consul of the Embassy in Italy.

COLVILLE, John R., Private Secretary to the British Prime Minister.

COMAY, Michael, Director, British Commonwealth Division, Israeli Ministry of Foreign Affairs, until 1953; Assistant Director General, 1953; Ambassador to Canada from 1953.

CORDIER, Andrew W., Executive Assistant to the Secretary-General of the United Nations.

CORSE, Carl D., Chief of the Commercial Policy Staff, Bureau of Economic Affairs, Department of State.

CORSON, Harland J., Director of the Foreign Operations Administration Mission at Jidda from August 24, 1953.

COTTMAN, James Stewart, Jr., Member of the Executive Secretariat Staff, Department of State, from February 22, 1953.

CRAWLEY, Desmond J.C., Principal First Secretary of the British Commonwealth Relations Office until February 18, 1952; Private Secretary to the Secretary of State for Commonwealth Relations, February 18, 1952-September 14, 1953; thereafter First Secretary for Commonwealth Relations Office Affairs of the British Embassy in the United States.

CROCKER, Edward S., II, Ambassador to Iraq until June 1, 1952; detailed to Air War College, August 9, 1952-July 19, 1953; detailed to Naval War College, July 19, 1953-September 12, 1954.

CUTLER, Robert, Administrative Assistant to the President, January 21, 1953-March 22, 1953; thereafter Special Assistant to the President for National Security Affairs; Chairman of the National Security Council Planning Board; Member of the President's Committee on International Information Activities, 1953.

Czyzak, John J., Attorney-Adviser, Office of the Assistant Legal Adviser for Economic Affairs, Department of State.

Daghistani, Brigadier General Ghazi Mohammed Al, Iraqi military leader; Military Attaché, Iraqi Embassy in the United Kingdom, 1953–1954.

Daspit, Alexander B., Political Military Adviser, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until January 30, 1954; resigned January 30, 1954; reappointed as Attaché of the Embassy in Pakistan, April 15–September 27, 1954; thereafter First Secretary and Consul.

Davies, Fred A., Executive Vice President, Director, and Chairman of the Board, Arabian-American Oil Company; Vice President of the Trans-Arabian Pipeline Company.

Davis, Monnett B., Ambassador to Israel until December 26, 1953.

Day, Brigadier General Edwin M., USAF, Commanding General, Military Air Transport Service, Dhahran Air Force Base, Saudi Arabia, until late 1952.

Dayan, Brigadier General Moshe, Israeli Chief of General Staff, South Command, 1952; Chief of General Staff, North Command, 1952–1953; Head of G Branch, General Headquarters, 1953; Chief of General Staff, Israeli Defense Forces, from 1953.

Dayton, M. Leon, Chief, Economic Cooperation Administration Mission in Italy until July 6, 1952; Chief, Mutual Security Agency Mission in Turkey, July 6, 1952–1954; Chief of the Mutual Security Agency Missions in Italy and Trieste, 1953; Director of the United States Operations Mission in Turkey (Foreign Operations Administration) from 1954.

Dillon, C. Douglas, Ambassador to France from March 13, 1953.

Divon, Shmuel, First Secretary of the Israeli Legation in France.

Dixon, Sir Pierson, British Deputy Under Secretary of State for Foreign Affairs until February 1, 1954; Permanent Representative of the United Kingdom at the United Nations from March 13, 1954.

Dixon, Roger C., Acting Chief of Business Practices and Technology Staff, Office of Economic Defense and Trade Policy, Bureau of Economic Affairs, Department of State, until March 30, 1952; thereafter Chief.

Dorsey, Stephen P., Officer in Charge of Economic Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, January 4–December 8, 1952; Acting Deputy Director, Office of Near Eastern Affairs, December 8, 1952–February 1, 1953; thereafter Deputy Director.

Drake, James F., Chairman of the Board and Director, Gulf Oil Corporation.

Drosz, Edmund J., Deputy Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until June 20, 1952; thereafter Consul General at Nairobi.

Duce, James T., Vice President of the Arabian-American Oil Company.

Duke, Charles B., Counselor of the British Embassy in Egypt July 30, 1952–May 12, 1954; thereafter Ambassador to Jordan.

Dulles, Allen W., Deputy Director of Central Intelligence until February 26, 1953; thereafter Director.

Dulles, John Foster, Consultant to the Secretary of State until April 1952; Secretary of State from January 21, 1953.

Duncan, Admiral Donald B., USN, Vice Chief of Naval Operations.

Duncan, Enoch S., Consul at Kuwait until June 27, 1953; thereafter Consul of the Embassy in Jordan.

Dunn, William C., Consul at Bombay until September 30, 1952; Chief, Division of Research for Near East, South Asia, and Africa, Department of State, September 30, 1952–September 27, 1954; thereafter Counselor of the Embassy in Iraq.

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Eakens, Robert H.S., detailed to Naval War College until August 10, 1953; thereafter Chief of the Petroleum Staff, Department of State.

Eban, Abba S., Israeli Ambassador to the United States and Chairman of the Israeli Delegation at the United Nations.

Eddleman, Major General Clyde D., USA, Assistant Chief of Staff of the Army for Operations, 1953-1954.

Eddy, Colonel William A., USMC (ret.), Consultant to the Arabian-American Oil Company; Former Minister to Saudi Arabia; former Chief of Special Diplomatic Mission to Yemen; former Special Assistant to the Secretary of State for Research and Intelligence; Political Adviser to Tapline at Beirut.

Eden, Sir Anthony, British Secretary of State for Foreign Affairs and Deputy Prime Minister.

Eisenhower, General of the Army Dwight D., USA., Supreme Allied Commander, Europe until May 30, 1952; President of the United States from January 20, 1953.

Elath, Eliahu, Israeli Ambassador to the United Kingdom.

El Emary (Emari), Dr. Abdel Galil, Egyptian Minister of Finance and Economy in the Maher cabinet, July-September 1952, and in the Naguib cabinet from September 1952 to February 1954.

Elliot, Air Chief Marshal Sir William, Chairman of the British Joint Services Mission in the United States and British Representative on the Standing Group of the Military Committee of NATO.

Elting, Howard, Jr., detailed to Naval War College until January 3, 1953; thereafter First Secretary and Consul of the Embassy in Egypt.

Ely, General Paul H., French Army; Representative to the NATO Standing Group until August 1953; Chief of the General Staff, August 1953-June 1954; Commander in Chief and General Commander in Indochina from June 3, 1954.

Emmerglick, Leonard J., Special Assistant to the Attorney General until September 1954.

Emmerson, John K., Planning Adviser, Bureau of Near Eastern Affairs, Department of State, until July 28, 1952; thereafter Counselor of the Embassy in Pakistan.

Eralp, Orhan, Director General of the Second Department of the Turkish Ministry of Foreign Affairs from January 31, 1953.

Erkin, Feridun C., Turkish Ambassador to the United States.

Eshkol, Levi, Israeli Minister of Finance from June 25, 1952.

Evans, John W., Deputy Director, Office of International Materials Policy, Bureau of Economic Affairs, Department of State, until August 4, 1952; Director, August 4, 1952-May 1, 1954; Acting Director, Office of Economic Defense and Trade Policy, May 1-September 10, 1954; thereafter Director of Commercial Policy, General Agreement on Tariffs and Trade Secretariat.

Everest, Lieutenant General Frank F., USAF, Commander, Fifth Air Force, Far East Air Force, Korea until May 1952; Deputy Commander, Tactical Air Force Command, Langley Air Force Base, Virginia, May 1952-April 24, 1953; Director, Joint Staff, Joint Chiefs of Staff, April 24, 1953-March 18, 1954; Deputy Chief of Staff for Operations, U.S. Air Force Headquarters from April 1, 1954.

Eveland, Captain Wilbur C., Jr., USA, Assistant Army Attaché of the Embassy in Iraq, 1952.

Eytan, Walter, Director General of the Israeli Ministry of Foreign Affairs.

Faisal (Feisal) II, King of Iraq.

Falck, L. James, Assistant Shipping Adviser, Office of Transport and Communications, Department of State, until August 11, 1953; thereafter Assistant Chief of the Shipping Policy Staff.

AL-FAQIH, Sheikh Asad, Saudi Arabian Ambassador to the United States.

FAROUK I, King of Egypt until abdication on July 23, 1952.

FARRA, Jamal E.D., Secretary General, Syrian Ministry of Foreign Affairs, until December 8, 1952; thereafter Minister to Sweden; also Minister to Norway from March 5, 1953 and Denmark from July 6, 1953.

FARRAQ TAYEH, Ahmed Mohamed, Egyptian Minister of Foreign Affairs, September-December 1952.

FAWZI BEY, Mahmoud, Egyptian Ambassador to the United Kingdom until December 8, 1952; thereafter Minister of Foreign Affairs.

FECHTELER, Admiral William M., USN, Chief of Naval Operations until August 16, 1953; thereafter Commander in Chief, Allied Forces, Southern Europe.

FEISAL. *See* Faisal.

FERGUSON, John H., Deputy Director of the Policy Planning Staff, Department of State, until August 12, 1953.

FIFE, Vice Admiral James, Jr., USN, Deputy Chief of Naval Operations until March 1953; thereafter Deputy Commander in Chief, Mediterranean.

FISCHER, Maurice, Israeli Minister in France until 1953; Ambassador to Turkey from 1953; Alternate Representative at the 9th Regular Session of the United Nations General Assembly, 1954.

FOLEY, James W., Vice President, the Texas Company (Part of the Arabian American Oil Company).

FOLLIS, Ralph G., Chairman and Director, Standard Oil Company of California; Vice Chairman and Director of the Arabian American Oil Company; Chairman and Director of the Trans-Arabian Pipeline Company.

FOSTER, Andrew B., Deputy Director, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, January 4, 1952–September 26, 1954; thereafter Counselor of the Embassy in the United Kingdom.

FOSTER, William C., Deputy Secretary of Defense until January 20, 1953.

FOX, Major General Alonzo P., USA, Member of the Joint Strategic Survey Committee, Joint Chiefs of Staff.

FRANKS, Sir Oliver S., British Ambassador to the United States until February 13, 1953.

FRASER, Sir William, Chairman, Anglo-Iranian Oil Company, Limited, and its subsidiary companies; Director of the Burmah Oil Company, Limited; Petroleum Adviser to the British War Office.

FRIED, Milton, Attaché of the Embassy in Israel until June 1954.

FRIEDLANDER, Major Arieh, Israeli Defense Forces; Senior Delegate to the Israel-Syria Mixed Armistice Commission.

FRITZLAN, Andrew D., First Secretary and Consul of the Embassy in Jordan until October 14, 1952; thereafter Officer in Charge of Arabian Peninsula Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

FRYE, Theodore R., Attaché of the Embassy in India until August 20, 1953; thereafter Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

FRYER, E. Reeseman, Assistant Administrator, Near East and Africa Development Service, Technical Cooperation Administration, until 1953.

FUAD, King Ahmed II, infant son of King Farouk, proclaimed King of Egypt and the Sudan July 26, 1952. On June 18, 1953, Egypt became a Republic.

FUNKHOUSER, Richard, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until March 14, 1952; Acting Officer in Charge of Lebanon, Syria, and Iraq Affairs, March 14–30, 1952; Officer in Charge, March 30, 1952–August 1953; detailed to National War College, August 1953–June 10, 1954; Attaché of the Embassy in Rumania, June 10–July 26, 1954; thereafter First Secretary.

Furlonge, Geoffrey W., British Minister in Jordan, February 8–September 23, 1952; thereafter Ambassador.

Gallman, Waldemar J., Ambassador to the Union of South Africa until August 15, 1954; Ambassador to Iraq from November 3, 1954.

Gaon, Lieutenant Colonel Chaim, Senior Israeli Delegate to the United Nations Mixed Armistice Commission, fall 1952; Military, Naval, and Air Attaché of the Embassy in Turkey from 1953.

Gardiner, Arthur Z., Special Assistant to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs until July 6, 1952; thereafter Politico-Economic Adviser, Bureau of Near Eastern, South Asian, and African Affairs; Representative on the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, 1953.

Gargoni, Khalid Bey, Counselor to the King of Saudi Arabia.

Gass, Neville A., Managing Director, British Petroleum Company, Limited.

Gass, Oliver, Chairman of the Economic Advisory Staff attached to the Office of the Israeli Prime Minister.

Gates, Thomas S., Jr., Under Secretary of the Navy from October 7, 1953.

Gay, Merrill C., Representative with personal rank of Minister at the 7th, 8th, and 9th Regular Sessions of the United Nations Economic Commission for Asia and the Far East at Rangoon, 1952, and Bandung, 1953; Officer in Charge of Economic Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State from September 30, 1953.

El Gereitly (Geritli), Dr. Ali, economist; Egyptian Minister of Finance and Economy as of 1954.

Geren, Paul F., Second Secretary and Consul of the Embassy in Syria until February 21, 1952; First Secretary and Consul, February 21, 1952–February 11, 1954; thereafter Counselor of the Embassy in Jordan.

Getty, J. Paul, President and principal owner of the Pacific Western Oil Company.

Gibson, Sir Horace Stephen, Managing Director and President, British Institute of Petroleum, Limited, and associated companies.

Gifford, Walter S., Ambassador to the United Kingdom until January 23, 1953.

Gillette, Guy Mark, Democratic Senator from Iowa.

Gleason, S. Everett, Deputy Executive Secretary of the National Security Council.

Glubb, Lieutenant General Sir John B., British Military Officer; Chief of the General Staff of the Arab Legion at Amman.

Gohar, Lieutenant Colonel (subsequently Colonel) Salah Gawhir, Senior Egyptian Delegate, Egyptian-Israeli Mixed Armistice Commission; Head of the Palestine Department, Ministry of War.

Goldmann, Nahum, Chairman of the Jewish Agency for Palestine.

Green, Joseph C., Minister in Jordan, July 31–September 23, 1952; Ambassador, September 23, 1952–July 31, 1953.

Greenhill, Denis A., First Secretary of the British Embassy in the United States until September 22, 1952.

Grigoropoulos, Lieutenant General Theodoros, Head of the Greek National Defense General Staff, June–November 1952; forced to resign by Field Marshal Papagos' government.

Grover, Brigadier General Orrin L., USAF, Commanding General, Military Air Transport Service, Dhahran Air Force Base, 1952–1953; Commander 1414th Air Base Group at Dhahran, 1953–1954; Commander, Second Air Division at Dhahran from late 1954.

Habashi, Saba, Egyptian barrister; Adviser to the Secretary General of the Arab League; Counselor to the Arabian American Oil Company.

Hackler, Windsor G., Executive Staff Officer, Dependent Area Affairs, Bureau of United Nations Affairs, Department of State, until May 26, 1952; Consul at Dhahran, May 26, 1952-December 10, 1954; thereafter First Secretary and Consul of the Embassy in Japan.

Hadsel, Fred L., Assistant to the Director of the Executive Secretariat, Department of State until February 28, 1954; thereafter Acting Special Assistant to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs.

Haidar, Selim, Lebanese Ambassador to Iran; Minister of Defense, October 1, 1952-May 1, 1953; Minister of Education, Health, and Social Affairs, 1952-1953.

Haikal, Dr. Yusuf, Minister of the Jordanian Embassy in the United States until December 14, 1953.

Hakim, General Amir Abd al-, Member of the Egyptian Council of Revolution; Member of Free Officers Committee; Commander in Chief of Egyptian Armed Forces from June 1953; Minister of War and Marine from September 1, 1954.

Hakim, George Bey, Counselor of the Lebanese Legation in the United States until May 1952; Minister of Finance, October 1, 1952-May 1, 1953; Minister of Foreign Affairs, May 1-August 13, 1953; Minister of Economy, 1953-1954.

Hallett, Nez C., Jr., Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until July 1, 1953; thereafter Office of Near Eastern Affairs.

Hamilton, Charles W., Vice President of the Foreign Production Division, Gulf Oil Corporation; Director, Kuwait Oil Company.

Hamilton, William L., Jr., Office of British Commonwealth and Northern European Affairs, Department of State.

Hammarskjöld, Dag, Swedish Minister without Portfolio until April 10, 1953; thereafter Secretary-General of the United Nations.

Harding, Charles L., Director, Socony-Vacuum Oil Company and Director of the Arabian-American Oil Company and the Trans Arabian Pipeline Company.

Hare, Raymond A., Ambassador to Saudi Arabia until July 8, 1953; Ambassador to Lebanon, September 29, 1953-October 1, 1954; Director General of the Foreign Service, Department of State, from October 19, 1954.

Harkabi, Colonel Yehoshafat, Israeli Defense Forces.

Harriman, W. Averell, Director for Mutual Security until January 20, 1953.

Hart, Parker T., Detailed to National War College until June 12, 1952; Director, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, from June 18, 1952.

Hashem, Ihsan, Jordanian Under Secretary for Foreign Affairs.

el-Hassouna, Mohammed Abdel-Khalek, Egyptian Secretary General of the Arab League from September 1952.

Hay, Lieutenant Colonel Sir Rupert, British Political Resident in the Persian Gulf until 1953.

Henderson, Loy W., Ambassador to Iran until December 30, 1954.

Herlitz, Esther, First Secretary of the Israeli Embassy in the United States.

Hilali, Ahmed Naquib, Prime Minister of Egypt, March-June 1952.

Herzog, Colonel Chaim, Military, Naval, and Air Attaché of the Israeli Embassy in the United States.

Hildreth, Horace A., Ambassador to Pakistan from May 19, 1953.

Hillings, Patrick J., Republican Representative from California; Member of the House Administration and Judiciary Committee.

Hinkle, Colonel Thornton M., USMC, Chairman, Egypt-Israel Mixed Armistice Commission, February 1953-September 1954.

Holmes, Julius C., Minister of the Embassy in the United Kingdom until November 1, 1954; Senior Political Adviser to the Delegation to the 9th Regular Session of the United Nations General Assembly from November 30, 1954; Special Assistant to the Assistant Secretary of State for European Affairs from December 20, 1954.

Hood, Viscount Samuel, Head of the Western Organization Department, British Foreign Office.

Hoopes, Townsend W., Executive Director of the National Security Training Commission; Assistant to the Defense Representative of the Senior Staff of the National Security Council, 1952; Department of Defense Member, Psycological Strategy Board, March 1952–September 1953.

Hoover, Herbert, Jr., Consultant to the Secretary of State, October 14, 1953–October 4, 1954; thereafter Under Secretary of State.

Hoppenot, Henri, Permanent Representative of France at the United Nations; Representative on the Security Council; Chairman, in the absence of the Foreign Minister, of the Delegations to the 7th, 8th, and 9th Regular Sessions of the General Assembly, 1952–1954.

Hoskins, Harold B., Consultant, Department of State until 1953; Operations Coordinating Board and United States Information Agency, 1954.

Howard, Harry N., United Nations Adviser, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

Huda, Tawfiq Abu al-(Abul), Jordanian Prime Minister and Minister of Foregin Affairs until May 5, 1953; Minister of Defense, September 24, 1952–May 5, 1953; Prime Minister again from May 4, 1954.

Hull, General John E., USA, Vice Chief of Staff of the Army, 1952–1953.

Humphrey, George M., Secretary of the Treasury from January 21, 1953.

Hussein, Ahmed, Egyptian Ambassador to the United States from May 4, 1953.

Hussein, ibn Talal, King of Jordan from August 11, 1952.

Husseini, Jamal al-, Second Secretary of the Saudi Arabian Embassy in the United Kingdom.

Ibn Saud, Abdul Aziz, King of Saudi Arabia until November 9, 1953.

Ilah, Abul Amir, Regent of Iraq.

Ireland, Phillip W., Counselor of the Embassy in Iraq.

Ismay, General Lord Hasings Lionel, British Secretary of State for Commonwealth Relations until March 12, 1952; thereafter Vice Chairman of the North Atlantic Council and Secretary-General of NATO.

Ives, Irving M., Republican Senator from New York; Member, Senate Banking and Currency Committee and Senate Labor and Public Welfare Committee.

Jackson, C(harles) D(ouglas), Special Assistant to the President, February 16, 1953–March 31, 1954; Member, President's Committee on International Information Activities, 1953; Member of the Delegation to the 9th Regular Session of the United Nations General Assembly, 1954.

Jaddid, Lieutenant Colonel Ghassan, Head of the Syrian Delegation, Syria-Israel Mixed Armistice Commission.

al-Jamali, Mohamed Fadjil, Permanent Representative of Iraq at the United Nations: Deputy Prime Minister and Minister of Foreign Affairs, July 1952–January 1953; Prime Minister and President of the Chamber of Deputies, September 1953–April 1954; again Minister of Foreign Affairs, April–August 1954.

Javits, Jacob K., Republican Senator from New York; Member of the Senate Foreign Affairs Committee.

Jawat, Ali El-Ayubi, Member of the Iraqi Senate; Vice Prime Minister, 1953–1954.

Jebb, Sir Hubert Miles Gladwyn, Permanent Representative of the United Kingdom at the United Nations until March 1953; Ambassador to France from April 13, 1954.

Jennings, Benjamin B., President, Director, and Chairman of the Executive Committee, Socony-Vacuum Oil Company.

Jernegan, John D., Consul General at Tunis until May 16, 1952; Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs from June 26, 1952.

Johnston, Eric, Chairman, Advisory Board for International Development from 1952; Personal Representative of the President with rank of Ambassador to the Middle East from 1953.

Jones, G. Lewis, Jr., Director, Office of Near Eastern Affairs, Department of State, until June 18, 1952; Principal Officer at Tunis, June 18–27, 1952; Consul General, June 27, 1952–March 13, 1953; thereafter Counselor of the Embassy in Egypt.

Jones, J. Jeffferson, III, Deputy Director, Office of Dependent Area Affairs, Bureau of United Nations Affairs, Department of State, until May 20, 1952; First Secretary and Consul of the Embassy in the Soviet Union, May 20, 1952–June 1, 1953; Counselor of the Embassy in Saudi Arabia, June 1, 1953–November 22, 1954 thereafter Director Office of South Asian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

de Juniac, Gontran, Minister of the French Embassy in the United States.

El-Kaissouny (Kaisouni), Abdel Moneim, Egyptian Minister of Finance from September 1954.

Kalijarvi, Thorsten V., Staff Associate and Consultant, Senate Foreign Relations Committee until September 1, 1953; thereafter Deputy Assistant Secretary of State for Economic Affairs.

Karrer, Wilfred L., Irrigation Adviser, Foreign Operations Administration Mission in Israel, summer 1953–summer 1954.

Keeler, Erwin P., Counselor of the Embassy in Israel until October 6, 1952; Principal Officer at Lagos, October 6–24, 1952; thereafter Consul General.

Kennedy, Donald D., Director, Office of South Asian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until June 24, 1954; Attaché of the Embassy in India, June 24–July 26, 1954; Counselor, July 26–29, 1954; thereafter Counselor with personal rank of Minister; also Counselor with personal rank of Minister of the Embassy in Nepal from August 30, 1954.

Kennedy, W. John, Deputy Director, Mutual Security Agency, February–November 1952.

Keyes, Robert L., President and Director of the Arabian-American Oil Company, and Director of the Trans Arabian Pipeline Company.

Khalidi, Hussein el-, Jordanian Foreign Minister, May 5, 1953–May 4, 1954.

Khan, General Muhammad Ayub, Commander in Chief of the Pakistani Army until October 27, 1954; thereafter Minister of Defense.

al-Khouri, Bishara, President of Lebanon until September 24, 1952.

Kirkpatrick, Sir Ivone A., British High Commissioner in Germany until November 1953; thereafter, Permanent Under Secretary of State, British Foreign Office.

Kitchen, Jeffrey C., Assistant Chief, Policy Report Staff, Executive Secretariat, Department of State, until May 26, 1952; Acting Chief, May 26–November 9, 1952; Special Assistant to the Secretary of State, November 9, 1952–January 23, 1953; Deputy Director, Executive Secretariat, January 23, 1953–October 10, 1954; thereafter, Deputy Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs.

Kollek, Theodore (Teddy), Minister of the Israeli Embassy in the United States until May 1952; thereafter Director General of the Israeli Prime Minister's Office.

Kopper, Samuel K.G., Deputy Director, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until 1952; resigned during 1952; reappointed as Consultant to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, 1953; Counsel for the Arabian American Oil Company, 1954.

Kyes, Roger M., Deputy Secretary of Defense, February 2, 1953–May 1, 1954.

Labban, Abdel Shafi el-, First Secretary of the Egyptian Embassy in the United States, January 1952–April 1953; Counselor, April 1953–February 1954.

Labouisse, Henry R., Chief of the Mutual Security Agency Mission in France, January 1952–July 1, 1953; Director, Foreign Operations Administration Mission in France, July 1, 1953–June 15, 1954; thereafter Director, United Nations Relief and Works Agency for Palestine Refugees in the Near East.

Lakeland, William C., Second Secretary and Consul of the Embassy in Egypt until November 1, 1954; thereafter, Consul at Aden and Second Secretary and Consul at Jidda and Sana'a.

Lalive, Jean, General Counsel of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, 1954.

Laskey, P.S., Alternate Delegate of the United Kingdom at the United Nations, 1953.

Lavon, Pinhas, Israeli Minister without Portfolio; Minister of Defense until 1953 and again from Janaury 4, 1954.

Lawson, Edward B., Envoy to Iceland and Acting Chief of the Economic Cooperation Administration Mission in Iceland until May 29, 1954; Ambassador to Israel from November 12, 1954.

Lawton, Frederick J., Director, Bureau of the Budget until 1953; Commissioner, Civil Service Commission from 1953.

Lay, James S., Jr., Executive Secretary of the National Security Council.

Leishman, Frederick J., Assistant Private Secretary to the British Secretary of State until 1954; appointed as First Secretary of the British Embassy in the United States, September 2, 1953.

Lemnitzer, Lieutanant General Lyman L., USA, Deputy Chief of Staff for Plans and Research, U.S. Army, from August 1, 1952.

Lewin, Dr. Abraham E., First Secretary of the Israeli Embassy in the United States.

Liebhafsky, Herbert H., Office of International Materials Policy, Metals and Minerals Staff, Bureau of Economic Affairs, Department of State, until fall 1953.

Linder, Harold F., Deputy Assistant Secretary of State for Economic Affairs until December 12, 1952; Assistant Secretary of State for Economic Affairs, December 12, 1952–May 15, 1953.

Lloyd, Rt. Hon. John Selwyn, British Minister of State until October 1954; thereafter Minister of Supply.

Lobenstine, James C., Second Secretary and Consul of the Embassy in Lebanon until September 5, 1954; thereafter, Financial Officer at Bonn.

Locke, Edwin A., Jr., Special Representative with personnal rank of Ambassador for Coordination of Economic and Technical Assistance in the Near East, at Beirut.

Lodge, Henry Cabot, Jr., Republican Senator from Massachusetts until January 1953; Permanent Representative at the United Nations from January 26, 1953; Adviser to the President from December 1953.

Loftus, John A., Attaché of the Embassy in India, January 24–April 10, 1952; Counselor of Embassy for Economic Affairs April 10, 1952–October 30, 1953; also

Counselor of the Embassy in Nepal, April–October 30, 1953; thereafter Counselor of the Embassy in France.

Longanecker, David E., International Economist, Office of African Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until July 29, 1952; thereafter Director, Office of African Affairs.

Lourie, Arthur, Israeli Delegate to the 7th Regular Session of the United Nations General Assembly, 1952; Assistant Director General, Israeli Ministry of Foreign Affairs from 1953; Alternate Representative to the 8th Regular Session of the General Assembly, 1953.

Lourie, Donald B., Under Secretary of State for Administration, February 13, 1953–March 5, 1954.

Loutfi, Omar, Director (Minister Plenipotentiary) of the Department of Conferences, International Organizations, and Treaties, Egyptian Foreign Office.

Lovett, Robert, Secretary of Defense until January 20, 1953.

Ludlow, James M., Office of United Nations Political and Security Affairs, Bureau of United Nations Affairs (subsequently Bureau of International Organization Affairs), Department of State.

Lynch, Andrew G., First Secretary and Consul General of the Embassy in Libya until September 11, 1952; Counselor of the Embassy in Jordan, September 11, 1952–September 9, 1954; thereafter Consul General at Bremen.

Macatee, Robert B., Consul General at Istanbul from February 7, 1953.

MacGinnis, Francis R., Second Secretary of the British Embassy in the United States from April 30, 1952.

Maffitt, Edward P., detailed to National War College, June 30, 1952–June 11, 1953; thereafter, First Secretary and Consul of the Embassy in Italy and Special Liaison to the Headquarters, Allied Forces in Southern Europe.

El Mahdi, Sayed Sir Abdul Rahman, leader of the Umma (Independence) Party in the Sudan.

Maher (Mahir), Ali, Egyptian Prime Minister, Minister of War, and Marine, and Minister of Foreign Affairs, January 27–March 2, 1952, and again July 23–September 7, 1952.

Maillard, Pierre, Secretary of Conferences, Central Administration, French Ministry of Foreign Affairs until January 1953; Deputy Director for the Saar, January 1953–January 1954; thereafter Deputy Director for Africa-Levant Affairs.

Mak, Dayton S., Third Secretary and Vice Consul of the Legation in Libya until February 21, 1952; Second Secretary and Vice Consul, February 21, 1952–April 2, 1953; thereafter Second Secretary and Vice Consul of the Embassy in the United Kingdom.

Makins, Sir Roger M., British Deputy Under Secretary of State for Foreign Affairs until December 30, 1952; British Ambassador to the United States from January 7, 1953.

Makleff, Mordechai, Israeli Army Officer; Deputy Chief of the General Staff of the Israeli Defense Forces until 1953; Chief, 1953–1954.

Malik, Dr. Charles, Chairman of the Lebanese Delegation to the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1952–1954; Governor of Lebanon until 1952; Envoy to the United States and Cuba until May 4, 1953; thereafter Ambassador; Representative on the Security Council from January 1953; President of the Security Council, February 1953 and January 1954.

Mallaby, (Sir) George C., Under Secretary in the British Cabinet Office until 1954; Secretary, War Council and Council of Ministers, Kenya, from 1954.

Mallory, Lester D., Counselor with personal rank of Minister of the Embassy in Argentina until August 3, 1953; Ambassador to Jordan from December 1, 1953.

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El Maraghi, Mortada, Egyptian Minister of Interior, War and Marine in the governments of Prime Ministers Ali Maher and Ahmed Hilali, January–June 1952; Minister of War and Marine in the government of Hussein Sirri, June–July 1952.

Marshall, General George C., USA, former Secretary of Defense and former Secretary of State.

Marten, Francis W., First Secretary of the British Embassy in the United States until August 1952; Foreign Office, August 1952–August 1954; thereafter First Secretary of the British Embassy in Iran.

Martin, Edwin M., Director, Office of European Regional Affairs, Bureau of European Affairs, Department of State, until September 28, 1952; Special Assistant to the Secretary of State, September 28, 1952–June 25, 1953; thereafter Attaché and Deputy Chief of Mission to the North Atlantic Treaty Organization and European Regional Organizations at Paris.

Massoud, Mohammed Ibrahim, Saudi Arabian Consultant to the Embassy in Saudi Arabia.

Matthews, H. Freeman, Deputy Under Secretary of State until October 11, 1953; Ambassador to the Netherlands from November 25, 1953.

Mauer, Ely, Attorney-Adviser, Office of the Assistant Legal Adviser for Economic Affairs, Department of State.

Mayer, René, French Minister of Finance and Economic Affairs until January 20, 1952; Prime Minister, January 8–June 28, 1953.

McAuliffe, Lieutenant General Anthony C., USA, Assistant Chief of Staff, General Staff of the United States Army, 1952; Deputy Chief of Staff for Operations and Administration, 1953.

McCardle, Carl W., Consultant, Department of State, January 21–30, 1953; thereafter Assistant Secretary of State for Public Affairs.

McCarten, Colonel Robert D., USAF, Chief of the Military Assistance Advisory Group in Saudi Arabia.

McClanahan, Grant V., Research Specialist, Division of Research for Near East, South Asia, and Africa, Bureau of Intelligence and Research, Department of State, until December 6, 1954; thereafter Consul at Dhahran.

McCloy, John J., United States High Commissioner for Germany until July 18, 1952.

McDaniel, Bruce W., Director of the Technical Cooperation Administration Mission in Israel until summer 1954; thereafter Director of Technical Cooperation, Foreign Operations Administration Mission in Israel.

McFall, Jack K., Assistant Secretary of State for Congressional Relations until September 9, 1952; Envoy to Finland, November 15, 1952–September 17, 1954; thereafter Ambassador.

McGhee, George C., Ambassador to Turkey until June 19, 1953.

McGranery, James P., Attorney General of the United States, May 27, 1952–January 20, 1953.

McGrigor, Admiral of the Fleet Sir Roderick R., British First Sea Lord and Chief of Naval Staff.

McLean, Lieutenant General Sir Kenneth G., Chief Staff Officer, British Ministry of Defense until 1952; thereafter, Special Duty, British War Office.

McLeod, R.W. Scott, Administrator, Bureau of Security and Consular Affairs, Department of State, March 3, 1953–March 1, 1954; Administrator, Bureau of Inspection, Security and Consular Affairs, March 1, 1954–December 30, 1954; thereafter Administrator, Bureau of Security and Consular Affairs.

McMaster, William J., International Economist, Office of International Materials Policy, Petroleum Policy Staff, Bureau of Economic Affairs, Department of State, until late 1952.

McWilliams, William J., Director of the Executive Secretariat, Department of State until August 19, 1953; detailed to National War College, August 20, 1953–March 14, 1954; thereafter Staff Member, Office of the Assistant Secretary of State for Economic Affairs.

Meloy, Francis E., Jr., Assistant to the Director of the Executive Secretariat, Department of State until January 10, 1953; Second Secretary and Consul of the Embassy in France, January 10–October 29, 1953; detailed to NATO Defense College in Paris, January 10–July 24, 1953; Second Secretary and Consul of the Embassy in Vietnam, October 29, 1953–May 21, 1954; thereafter First Secretary and Consul.

Menderes, Adnan, Prime Minister of Turkey.

Merchant, Livingston T., Special Assistant to the Secretary of State for Mutual Security Affairs until March 24, 1952; Deputy to the Special Representative in Europe at Paris, March 24, 1952–March 11, 1953; thereafter Assistant Secretary of State for European Affairs.

Metzger, Stanley D., Deputy Assistant Legal Adviser for Economic Affairs until August 3, 1952; thereafter Attorney-Adviser.

Meyer, Armin H., Second Secretary and Consul of the Embassy in Lebanon, February 16, 1952–June 28, 1954; thereafter, First Secretary and Consul.

Meyers, Brigadier General Harry F., USA, Commander, 56th Anti-Aircraft Artillery Brigade, Ft. Revins, Massachusetts, until February 1954; Commanding General, Eastern Army Anti-Aircraft Command, Stewart Air Force Base New York, February–June 1954; thereafter, Commanding General, 56th Army Anti-Aircraft Brigade, Ft. Totten, New York.

Mikesell, Raymond F., Chief, Foreign Minerals Division, President's Materials Policy Commission, 1952; Special Representative to Israel, summer 1952; Office of Financial and Development Policy, Bureau of Economic Affairs, Department of State, fall 1952–summer 1953; Member, Staff of Foreign Economic Policy (Randall Commission) 1953–1954; Technical Cooperation Administration, summer 1953; Member, U.S. Mission to Israel and Ethiopia, summer 1953.

Mills, Sheldon T., Counselor with personal rank of Minister of the Embassy in Brazil until July 31, 1952; Counselor of the Embassy in India, September 19–October 2, 1952; Counselor with personal rank of Minister, October 2, 1952–July 2, 1954; Ambassador to Ecuador from August 19, 1954.

Minor, Harold B., Minister to Lebanon until October 15, 1952; Ambassador, October 15, 1952–August 10, 1953.

Mirza, General Iskander, Pakistani Defense Secretary until October 27, 1954; Governor of East Bengal, 1954; Minister of Interior, States, and Frontier Regions from October 27, 1954.

Mishaal, Prince ben Abd al-Aziz, Saudi Arabian Minister of Defense and Aviation from October 9, 1953.

Modai, Major Yitzhak, Israeli Assistant Military Attaché of the Israeli Embassy in the United Kingdom, 1952–1953.

Mohammed, Ghulam, Governor General of Pakistan.

Moline, Edwin G., Petroleum Attaché of the Embassy in the United Kingdom from January 4, 1952.

Moore, C. Robert, Acting Officer in Charge of Turkish Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until May 28, 1952; thereafter First Secretary and Consul of the Embassy in France.

Moose, James S., Jr., Minister in Syria, June 25–September 30, 1952; thereafter Ambassador.

Morrison, Herbert S., British Foreign Secretary, March 9–October 26, 1951.

Mosadeq, Mohammed, Iranian Prime Minister until July 5, 1952; again July 11–16, 1952; Prime Minister and Minister of Defense, July 22, 1952–August 15, 1953.

Mostafa, Mohamed Abdelmoneim, Egyptian Representative at the 7th Regular Session of the United Nations General Assembly, 1952; Ambassador to Switzerland from 1952.

Moubarak, Musa, Lebanese Foreign Minister, October 1, 1952–May 1, 1953.

Muhtasib, Sheikh Mohammed, Second Secretary of the Saudi Arabian Embassy in the United States until July 1953; thereafter First Secretary.

El Mulki (Mulqui), Dr. Fawzi, Prime Minister of Jordan, May 5, 1953–May 2, 1954.

Muniz, Joao Carlos, Brazilian Representative at the United Nations until 1953; Ambassador to the United States from October 20, 1953.

Muntasser, Mahmoud, Prime Minister of Libya to February 15, 1954.

Murphy, Charles S., Special Counsel to the President until January 20, 1953.

Murphy, Robert D., Ambassador to Belgium until March 19, 1952; Ambassador to Japan, May 9, 1952–April 28, 1953; Assistant Secretary of State for United Nations Affairs, July 28–November 30, 1953; Acting Deputy Under Secretary of State for Political Affairs, November 30–December 18, 1953; thereafter Deputy Under Secretary of State for Political Affairs.

Naccahe, Alfred, Lebanese Foreign Minister from August 15, 1953.

Naguib, General Muhammad, Egyptian Prime Minister and Military Governor, September 7, 1952–February 25, 1954.

Nahas, Mustafa, a leader of the Egyptian Wafd Party; Prime Minister and Minister of Foreign Affairs to January 1952.

Nash, Frank C., Assistant to the Assistant Secretary of Defense for International Security Affairs until February 10, 1953; Assistant Secretary of Defense for International Security Affairs, February 10, 1953–February 28, 1954.

Nashashibi, Azmi, Senior Jordanian Representative on the Jordan-Israel Mixed Armistice Commission; Under Secretary, Jordanian Foreign Ministry.

Nasser (Nasir), Colonel Gamal Abdul, Egyptian Deputy Prime Minister, June 18, 1953–April 18, 1954; Prime Minister, February 25–March 8, 1954, and again from April 18, 1954.

Nehru, Jawaharlal, Indian Prime Minister and Minister of External Affairs; Minister of Defense, February 10–March 15, 1953, and from December 7, 1954.

Nelson, Clifford R., Vice Consul at Salzburg until September 29, 1952; thereafter Second Secretary and Vice Consul of the Embassy in Saudi Arabia.

Newsom, David D., Second Secretary and Vice Consul of the Embassy in Iraq until February 21, 1952; thereafter Second Secretary and Consul; detailed to United States Information Agency as Public Affairs Officer, Embassy in Iraq, from August 1, 1953.

Niazi, Anwar, First Secretary of the Egyptian Embassy in the United States until April 1954; Counselor, April–October 1954; thereafter Economic and Commercial Counselor.

Nitze, Paul H., Director of the Policy Planning Staff, Department of State, until April 1953.

Noble, John, Vice President, Trans Arabian Pipeline Company; Associate General Counsel, Arabian-American Oil Company.

Nolting, Frederick E., Jr., Assistant to the Deputy Under Secretary of State until August 4, 1953; Acting Special Assistant to the Secretary of State for Mutual Security Affairs, August 4, 1953–January 4, 1954; thereafter Special Assistant to the Secretary of State for Mutual Security Affairs.

Nuri al-Said. *See* al-Said, Nuri.

Nuseibeh, Anwar, Jordanian Minister of Education and Member of the House of Representatives until May 4, 1954; thereafter Minister of Defense.

O'Connor, Roderic L., Assistant to the Secretary of State, January 21, 1953–February 21, 1954; thereafter Special Assistant to the Secretary of State.

Ohliger, Floyd W., Director, Arabian-American Oil Company from 1952.

Ohly, John H., Assistant Director for Policy and Program Development, Office of the Director for Mutual Security, Mutual Security Agency, until April 17, 1952; Assistant Director for Programs, Office of the Director for Mutual Security, April 17, 1952–March 23, 1953; Deputy to the Director for Program and Coordination, Mutual Security Agency, March 23–October 1, 1953; thereafter Deputy Director for Programs and Planning, Foreign Operations Administration.

Ordonneau, Pierre, Counselor of the French Delegation at the United Nations; Representative to the United Nations Conciliation Commission for Palestine from May 14, 1952; Representative on the Security Council, 1953–1954.

Ortiz, Nestor C., Petroleum Attaché of the Embassy in Lebanon, May 19, 1952–January 7, 1954; Economic Officer at Sao Paulo, January 7–July 26, 1954; thereafter Consul.

Osseiran, Abdel, President of the Lebanese Chamber of Deputies, 1953.

Palmer, Ely E., Representative on the United Nations Conciliation Commission for Palestine until July 22, 1952.

Palmer, Joseph, II, First Secretary and Consul of the Embassy in the United Kingdom until October 15, 1953; thereafter Deputy Director, Office of European Regional Affairs, Bureau of European Affairs, Department of State.

Patrick, Captain G. Serpell, USN, Office of International Security Affairs, Department of Defense until August 1952; detailed to National War College, August 1952–June 1953.

Paul, Norman S., Deputy Assistant for International Security Affairs, Mutual Security Agency until October 26, 1953; Officer in Charge of Asia, Africa, and Latin America Program Affairs, Office of the Director for Mutual Security, October 26, 1953–February 1, 1954; thereafter, Regional Director for Near East, South Asian, and African Affairs, Foreign Operations Administration.

Pelly, Cornelius J., British Political Agent at Kuwait; Political Resident at Bahrein, 1952; Political Resident in Charge at Bahrein, 1952.

Penfield, James K., Counselor of the Embassy in the United Kingdom until August 13, 1954; thereafter Deputy Chief of Mission in Austria.

Penniman, Howard R., Intelligence Research Officer, Office of Intelligence Research, External Research Staff, Department of State, until January 18, 1953; thereafter Chief of the External Research Staff.

Peter, Hollis W., Assistant Director, Program Planning and Advisory Staff, Technical Cooperation Administration, until March 3, 1952; thereafter Attaché of the Embassy in Lebanon.

Peurifoy, John E., Ambassador to Greece until August 9, 1953; Ambassador to Guatemala, November 4, 1953–October 2, 1954; Ambassador to Thailand from December 3, 1954.

Phillips, Captain Richard H., USN, Deputy Secretary of the Joint Chiefs of Staff from 1954.

Phleger, Herman, Legal Adviser of the Department of State from January 30, 1953.

Plitt, Edwin A., Senior United Nations Adviser to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Member of the Delegation Staff of Advisers at the 7th Regular Session of the United Nations General Assembly, 1952; Member of the Interim Mixed Parole and Clemency Board at

Bonn, October 19, 1953–October 27, 1954; thereafter Chairman of the Interim Mixed Parole and Clemency Board.

Popper, David H., Deputy Director, Office of United Nations Political and Security Affairs, Department of State, until October 24, 1954; thereafter Director.

al-Qazzaz, Muhammed Said, Iraqi Minister of the Interior, September 17, 1953–June 15, 1954, and again from August 4, 1954.

Queuille, Pierre, of the French Embassy in Canada until April 1952; of the Department of Economic Affairs, Ministry of Foreign Affairs, April 1952–December 2, 1954; thereafter Central Administration, Secretariat of Conferences.

Radford, Admiral Arthur W., USN, Commander in Chief of the Pacific Fleet, and High Commissioner of the Trust Territory of the Pacific Islands until July 10, 1953; Chairman of the Joint Chiefs of Staff from August 15, 1953.

Rafael, Gideon, Member of the Israeli Delegation to the 7th and 8th Regular Sessions of the United Nations General Assembly, 1952–1953; Rapporteur, United Nations Peace Observation Commission, 1953; Adviser, United Nations and Middle Eastern Affairs, Israeli Ministry of Foreign Affairs, from 1953.

Rahim, Mohamed Kamil Abdul, Egyptian Ambassador to the United States until May 4, 1953.

Ramati, Shaul, Head of the Israeli Delegation to the Israel–Jordan Mixed Armistice Commission.

Rathbone, Monroe J., Director, Standard Oil Company of New Jersey.

Rawi, Abdul Jalil, Counselor of the Iraqi Embassy in the United States; Chargé d'Affaires, June 3–September 26, 1953.

al-Rawi, Najib, Iraqi Ambassador to Egypt and Saudi Arabia.

Ray, George W., General Counsel, Arabian-American Oil Company and the Trans Arabian Pipeline Company.

Rhoades, Ralph O., Vice President, Gulf Oil Corporation.

Riad, General Mahmoud (Colonel until 1954), Expert of the Egyptian Delegation to the United Nations, 1953; Director, Department of Arab Affairs, Egyptian Foreign Ministry, and Alternate Representative to the 9th Regular Session of the General Assembly, 1954.

Richards, James P., Democratic Representative from South Carolina; Delegate to the 8th Regular Session of the United Nations General Assembly, 1953.

Riches, Derek M., British Consul at Jidda until March 24, 1953, also Chargé d'Affaires, 1952; Trade Commissioner at Khartoum from March 24, 1953.

Ridder, Major General Bennett L. de, Belgian; Chairman of the Israel–Jordan Mixed Armistice Commission.

Ridgway, General Matthew B., USA, Commander, United Nations Command in Korea, Commander in Chief, Far East, and Supreme Commander, Allied Powers, Japan until May 1952; Supreme Commander, Allied Forces, Europe at Paris, May 1952–August 15, 1953; thereafter Chief of Staff, United States Army.

Rifa'i, Abdul Monem, Jordanian Ambassador to the United States from December 14, 1953.

Rifai, Colonel-General Noureddine, Inspector General and Director of the Lebanese Internal Security Forces.

Rifai, Dr. Zafir, Syrian Foreign Minister, June 9, 1952–July 19, 1953.

Riley, Lieutenant General William E., USMC, Chief of Staff, United Nations Truce Supervision Organization, until June 1953.

Robertson, General Sir Brian H., Commander in Chief, British Middle East Land Forces until retirement, November 1953; Chairman, British Transport Commission from 1953.

Robertson, David A., First Secretary of the Embassy in the Union of South Africa until February 1, 1953; Officer in Charge of Economic Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, from March 9, 1953.

Rogers, Major General Elmer J., Jr., USAF, Air Force Member of the Joint Strategic Survey Committee, Joint Chiefs of Staff.

Roosevelt, Eleanor, Representative to the 7th Regular Session of the United Nations General Assembly, 1952.

Ross, John C., Deputy Representative to the United Nations Security Council.

Rountree, William M., Director, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until June 2, 1952; Deputy Chief of Mission in Turkey, June 2, 1952–October 1, 1953; Counselor of the Embassy in Turkey, August 20, 1952–October 1, 1953; Counselor of the Embassy in Iran, October 1, 1953–September 25, 1954; thereafter Counselor with personal rank of Minister.

Ruffner, Major General Clark C., USA, Deputy Assistant to the Assistant Secretary of Defense for International Security Affairs, 1952; Military Assistant to the Assistant Secretary of Defense for International Security Affairs, 1953.

Russell, Francis H., Director, Office of Public Affairs, Department of State, until October 13, 1952; thereafter Counselor of the Embassy in Israel.

Saab, Hassan, Second Secretary of the Lebanese Embassy in the United States until September 1952; thereafter First Secretary.

Saad, Ahmad Zaki, Egyptian Executive Director on the Executive Board of the IMF to 1953 and member of the Board of Governors of the IBRD to 1952; Governor of the National Bank of Egypt, 1951–1952; Minister of Finance from September 1954.

al-Sabban, Muhammad Surur, Saudi Arabian Minister of State; Adviser to the King from October 1953; Minister of Finance and Economics from August 30, 1954.

Sabri, Ali, Egyptian Air Force Squadron Leader and member of the Revolutionary Command Council; Chief of Air Force Intelligence from July 1952.

al-Said, Nuri, Iraqi Prime Minister until July 12, 1952; Minister of the Interior, 1952; Minister of Defense, January 29–September 17, 1953; Prime Minister and Minister of Defense from August 4, 1954.

Salaam, Saeb, Lebanese Prime Minister, Minister of Defense, and Minister of the Interior, May 1–August 13, 1953.

Salem, Wing Commander Gamaleddin Mustapha, Egyptian Minister of Communications.

Salem, Major Salaheddin Mustapha, Egyptian Minister of National Guidance and Minister of State for Sudan Affairs from June 1953.

Salim. *See* Salem.

Salisbury, Lord Robert A.J.G., British Lord President to the Privy Council from 1952; Leader of the House of Lords; Lord Privy Seal, 1952; Secretary of State for Commonwealth Relations, 1952; Acting Secretary of State for Foreign Affairs, June–October 1953.

Saltzman, Charles E., Under Secretary of State for Administration, June 29–December 31, 1954.

Sasson, Eliahu, Minister of the Israeli Embassy in Turkey until 1953; Ambassador to Italy from 1953.

Saud Ibn Abdul Aziz al-Feisal, Crown Prince of Saudi Arabia until November 9, 1953; thereafter King.

Sawyer, Charles, Secretary of Commerce until January 20, 1953.

Schnee, Alexander, Second Secretary and Consul of the Embassy in Greece until February 21, 1952; thereafter First Secretary and Consul.

Scott, Sir Robert H., British Assistant Under Secretary of State, British Foreign Office, until July 15, 1953; thereafter Minister of the British Embassy in the United States; also Chargé d'Affaires, 1954.

Scott, Walter K., Deputy Assistant Secretary of State for Administration until March 22, 1954; thereafter Director of the Executive Secretariat, Department of State.

Seelye, Talcott W., Resident Officer at Frankfort-am-Main until August 5, 1952; thereafter Third Secretary and Vice Consul of the Embassy in Jordan.

Selim, Dr. Muhammad, Secretary General of the Egyptian National Production Council.

Selo, Colonel Fawzi (subsequently Major General), Syrian Chief of State, Prime Minister, and Minister of Defense until July 10, 1953.

Seraq ed-Din (Serageddin), Fuad, Minister of the Interior in the Nahas cabinet to January 1952; Secretary General of the Wafd Party to October 1952.

Shabandar. Dr. Moussa al-, Iraqi Ambassador to the United States from September 26, 1953; Foreign Minister, March 8–April 29, 1954 and again from August 4, 1954.

Shalit, Meir, First Secretary of the Israeli Embassy in the United States until 1954.

Sharett, Moshe, Israeli Foreign Minister; Prime Minister from December 9, 1953.

Shepherd, General Lemuel C., Jr., USMC, Commandant of the United States Marine Corps.

Shihab. *See* Chehab.

Shiloah, Reuven, Special Adviser to the Israeli Foreign Ministry and also Liaison Officer with the Ministry of Defense until 1953; Minister of the Israeli Embassy in the United States from 1953.

al-Shishakli, General Adib, Syrian Chief of Staff and Deputy Prime Minister, 1952; Vice President, Minister of Defense, and Chief of State, 1953; President, July 10, 1953–March 1, 1954; also Prime Minister, July 19, 1953–March 1, 1954.

Short, Joseph, Secretary to the President until January 20, 1953.

Shuckburgh, Charles Arthur E., Private Secretary to the British Secretary of State until May 14, 1954; thereafter Assistant Under Secretary of State.

Shukairy, Ahmad, Assistant Secretary-General of the League of Arab States; Syrian Representative at the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1952–1954; Chairman of the Syrian Delegation to the United Nations, 1954.

Sievers, Colonel Harry L., USA, Executive Officer, Office of Military Assistance, Office of the Assistant Secretary of Defense for International Security Affairs.

Sirri, Husyan, Egyptian Prime Minister, July 2–22, 1952.

Slim, Field Marshal Sir William, Chief of the British Imperial Staff until 1952; Governor General of Australia from May 8, 1953.

Smith, Rear Admiral H.P., USN, Director, Office of Foreign Military Affairs, Office of the Secretary of Defense until November 1953; thereafter Commander, Amphibious Group 2, Transport Squadron 2.

Smith, General Walter Bedell, USA (ret.), Director of Central Intelligence until February 8, 1953; Under Secretary of State, February 9, 1953–October 1, 1954.

Snyder, John W., Secretary of the Treasury and Chairman of the National Advisory Council of International Financial and Monetary Problems until January 20, 1953.

Snyder, Lester M., Vice President of the Arabian-American Oil Company; Vice President and Director, Arabian-American Oil Company Realty Company; Director, Arabian-American Oil Company, Overseas Company from 1952.

Solh, Sami Bey, Prime Minister of Lebanon to September 9, 1952, and again from September 17, 1954.

Southwell, Charles A.P., Managing Director, Kuwait Oil Company, Limited.

Spiegel, Harold R., Assistant Treasurer for the Arabian-American Oil Company.

Staats, Elmer B., Deputy Director, Bureau of the Budget, until 1953; Executive Director, Operations Coordinating Board, from 1953.

Stabler, Wells, Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until October 17, 1952; Acting Deputy Director, Office of Near Eastern Affairs, October 17, 1952–January 15, 1953; thereafter Second Secretary and Consul of the Embassy in Italy.

Stassen, Harold E., Director of the Mutual Security Agency, January 20–August 1, 1953; thereafter Director of the Foreign Operations Administration.

Steelman, John R., Assistant to the President until January 20, 1953.

Stein, Eric, Pacific Settlement Affairs, Office of United Nations Political and Security Affairs, Department of State; Adviser to the Delegation to the 7th and 8th Regular Sessions of the United Nations General Assembly, 1952–1953.

Stelle, Charles C., Deputy Director, Office of Intelligence and Research, Department of State, until February 17, 1952; thereafter Member of the Policy Planning Staff.

Stephens, Thomas E., Appointment Secretary to General Eisenhower until January 20, 1953; thereafter Secretary to the President.

Stewart, Major General George C., USA, Deputy for Foreign Military Aid to the Assistant Chief of Staff for Logistics, Army Headquarters, until March 1, 1953; thereafter Director of the Office of Military Assistance, Department of Defense.

Strang, Sir William, Permanent Under Secretary of State, British Foreign Office, until November 1953.

Strong, Robert C., Special Assistant to the Director, Office of Chinese Affairs, Bureau of Far Eastern Affairs, Department of State, until January 4, 1953; Member, Policy Planning Staff, January 4, 1953–August 2, 1954; First Secretary and Consul of the Embassy in Syria, August 2–3, 1954; thereafter Counselor.

Sturgill, Robert G., Office of Near Eastern Affairs, Department of State.

Stutesman, John H., Jr., Second Secretary and Consul of the Embassy in Iran until March 25, 1952; thereafter Officer in Charge of Iranian Affairs, Office of Greek, Turkish, and Iranian Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State.

Suleiman, Sheikh Abdullah al-, Saudi Arabian Minister of Finance.

al-Sulh, Samih, Lebanese Prime Minister, February 11–September 10, 1952, and again from September 17, 1954.

Sultan, Shaikh Shakhbut ibn, Shaikh of Abu Dhabi.

Sundt, Olaf F., Petroleum Attaché of the Embassy in France until May 5, 1954; thereafter Attaché of the Embassy in Brazil.

Suroor (Surur) al Sabban, Muhammad. *See* al-Sabban, Muhammad.

al-Suwaidi, Tawfiq, Iraqi Foreign Minister until July 12, 1952, and again January 29–September 29, 1953; Member of the Iraqi Senate.

Swensrud, Sidney A., President and Director of Gulf Oil Corporation; Chairman of the Board from 1953.

Swigart, Clyde A., President of the Trans Arabian Pipeline Company.

Swihart, James W., Office of European Regional Affairs, Bureau of European Affairs, Department of State, March 30, 1952–October 5, 1954; thereafter Attaché of the Embassy in the United Kingdom.

Tabet, Karim, member of the Husyan Sirri cabinet, July 1952.

Taimur, Sultan Said Bin, Sultan of Oman.

Takla, Philippe, Lebanese Foreign Minister, February 11-September 10, 1952.

Talal, Ibn Abdullah al-Hussein, King of Jordan until August 11, 1952.

Tannous, Dr. Izzat, Arab Representative of Palestinian Refugees at the United Nations, 1952; Secretary General of the Arab Palestine Office for Refugees at Beirut; Chairman of the Palestine Refugee Political Committee at Beirut.

Taxis, Colonel Samuel G., USMC, Chairman of the Israel-Syria Mixed Armistice Commission until April 1953.

Taylor, Paul B., Officer in Charge of General Assembly Affairs, Office of United Nations Political and Security Affairs, Department of State; Adviser to the Delegation to the 7th and 8th Regular Sessions of the United Nations General Assembly, 1952-1953; also Principal Executive Officer, 1952-1953.

Tekoah, Joseph, Assistant Legal Adviser, Israeli Foreign Ministry.

al-Thani, Saidh Ali ibn Abdullah, Shaikh of Qatar.

Timmons, Benson E.L., Deputy Director of the United States Operations Mission in France until August 1, 1953; Deputy Director of the Foreign Operations Administration Mission in France, August 1, 1953-November 1, 1954; thereafter First Secretary and Consul of the Embassy in France (detailed to the Foreign Operations Administration).

Tomlinson, Frank S., Counselor of the British Embassy in the United States.

Touqan. *See* Tuquan.

Tresize, Philip H., Chief, Division of Research for Near East and Africa, Bureau of Intelligence and Research, Department of State, until August 3, 1952; thereafter Deputy Director, Office of Intelligence Research.

Troxel, Oliver L., Jr., Office of Near Eastern Affairs, Department of State.

Truman, Harry S., President of the United States until January 20, 1953.

Tsarapkin, Seme K., Soviet Deputy Permanent Representative at the United Nations until 1952 and again February 1953-September 1954; Representative on the Trusteeship Council, 1954.

Tuqan (**Touqan**), Ahmad Bey, Senior Jordanian Representative on the Jordan-Israel Mixed Armistice Commission, 1952; thereafter, Minister of Education.

Turaiqi, Abdullah al-, Director of the Petroleum Supervisory Office, Saudi Arabian Ministry of Finance.

Twining, General Nathan F., USAF, Vice Chief of Staff of the Air Force until June 30, 1953; thereafter Chief of Staff.

Tyler, S. Roger, Jr., Consul at Jerusalem until July 26, 1954.

Ulusan, Rear Admiral Aziz, Turkish Representative on the Military Committee of the North Atlantic Treaty Organization.

Umar, Ahmet, Counselor of the Turkish Embassy in Iraq, 1952-1953.

Unger, Leonard, Political Officer at Trieste until January 3, 1952; Political Officer of the Embassy in Italy, January 3-March 13, 1952; First Secretary and Consul, March 13, 1952-December 13, 1953; thereafter Officer in Charge of Political Military Affairs, Office of European Regional Affairs, Bureau of European Affairs, Department of State.

Vandenberg, General Hoyt S., USAF, Chief of Staff of the Air Force until June 29, 1953.

Van Fleet, General James A., USA, Commanding General, Eighth Army, Korea until February 11, 1953; retired from the Army, March 31, 1953.

Van Hollen, Christopher, Member of the Executive Secretariat, Department of State until December 9, 1954; thereafter Attaché of the Embassy in India.

Vigderman, Alfred C., Attorney-Adviser, Legal Office, Department of State, until May 1, 1952; Assistant Legal Adviser for Mutual Security Affairs, May 1-June

27, 1952; thereafter Attaché of the Embassy in France; also Legal Adviser to USRO at Paris from September 14, 1953.

Vigier, Henri, Political Adviser to the United Nations Truce Supervision Organization in Palestine, 1954.

Villard, Henry S., Minister to Libya, March 6, 1952–June 24, 1954; detailed to the United Nations General Assembly from September 26, 1954.

Vyshinsky, Andrei Y., Soviet Minister of Foreign Affairs until March 1953; First Deputy Minister of Foreign Affairs and Permanent Representative to the United Nations, March 1953–November 1954; Representative on the Security Council and Chairman of the Soviet Delegations to the 7th, 8th, and 9th Regular Sessions of the General Assembly until November 22, 1954.

Wadsworth, George, Ambassador to Turkey until January 2, 1952; Member, Policy Planning Staff, Department of State, April 19–October 8, 1952; Ambassador to Czechoslovakia, December 29, 1952–October 30, 1953; Ambassador to Saudi Arabia and Yemen from January 9, 1954.

Wadsworth, James J., Deputy Representative to the United Nations and Deputy Representative on the Security Council from February 28, 1953.

Wahba, Hafiz, Saudi Arabian Ambassador to the United Kingdom.

Waldo, John A., Jr., Attaché of the Embassy in Syria from February 25, 1952.

Walker, Malcolm T., First Secretary and Consul of the British Embassy in Jordan until October 19, 1953; also Chargé d'Affaires, 1952.

Waller, Fred E., Officer in Charge of Palestine-Israel-Jordan Affairs, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, from March 14, 1952.

Ward, Angus, Consul General at Nairobi until June 20, 1952; Ambassador to Afghanistan from November 8, 1952.

Warren, Avra M., Ambassador to Pakistan until November 26, 1952; Ambassador to Turkey from September 17, 1953.

Waugh, Samuel C., Assistant Secretary of State for Economic Affairs from June 5, 1953.

Webb, James E., Under Secretary of State until February 29, 1952.

Weizmann, Chaim, President of Israel until December 8, 1952.

Welling, Tracy R., Director of the Foreign Operations Administration Mission in Jordan from April 2, 1952.

White, Ivan B., Counselor of the Embassy in Spain until September 17, 1953; thereafter Counselor of the Embassy in Israel.

Whiteford, William K., Executive Vice President and Director of Gulf Oil Corporation; Director of the British American Oil Company; President of the British American Oil Producing Company.

Whitman, Ann, Personal Secretary to the President from January 21, 1953.

Wilkins, Fraser, First Secretary and Consul of the Embassy in India until October 28, 1952; Counselor of the Embassy for Political Affairs, October 28, 1952–August 2, 1953; Member of the Policy Planning Staff, Department of State, August 2, 1953–August 15, 1954; thereafter detailed to National War College.

Williams, Philip P., First Secretary and Consul of the Embassy in Costa Rica until October 26, 1953; thereafter First Secretary and Consul of the Embassy in Israel.

Willis, George H., Director, Office of International Finance, Department of the Treasury.

Wilson, Charles E., Secretary of Defense from January 28, 1953.

Wilson, Evan M., Consul General at Calcutta and Katmandu until September 14, 1953; thereafter First Secretary and Consul General of the Embassy in the United Kingdom.

Winters, Harvey J., Business Projects and Technology Staff, Office of Economic Defense and Trade Policy, Department of State.

Wolf, Joseph J., Acting Officer in Charge of Political Military Affairs, Office of European Regional Affairs, Bureau of European Affairs, Department of State, until July 20, 1952; Officer in Charge, July 20, 1952–July 1, 1954; detailed to National War College, 1953-1954; Special Adviser for NATO Affairs, Office of European Regional Affairs, from July 1, 1954.

Wolff, Stanley B., Office of Western European Affairs, Bureau of European Affairs, Department of State, until January 5, 1953; thereafter Second Secretary and Vice Consul of the Embassy in Italy.

Wooldridge, Rear Admiral Edmund T., USN, Deputy Director for Political Military Affairs, Joint Chiefs of Staff, and Representative of the Joint Chiefs of Staff to the Senior Staff of the National Security Council until January 1953; thereafter Commander of the Second Fleet and the NATO Striking Fleet.

Worcester, Douglas, Office of Near Eastern Affairs, Department of State.

Wright, Edwin M., Intelligence Adviser, Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs, Department of State, until May 28, 1952; thereafter Officer in Charge of Turkish Affairs.

Wright, Vice Admiral Jerauld (Admiral from April 1, 1954), USN, Deputy Representative to the NATO Standing Group until June 14, 1952; Commander of U.S. Naval Forces, Eastern Atlantic and Deputy Commander in Chief of U.S. Forces in Eastern Atlantic and Mediterranean, June 14, 1952–April 12, 1954; thereafter Commander in Chief, Atlantic, and Commander in Chief of U.S. Atlantic Fleet and Supreme Allied Commander, Atlantic.

Yadin, Major General Yigael, Israeli Military Officer; Chief of Staff of the Israeli Defense Forces until 1952.

Yafi, Abdullah Bey al-, Lebanese Prime Minister and Minister of the Interior until February 11, 1952; Minister of Defense, August 13, 1953–March 1, 1954; Prime Minister again, August 13, 1953–September 17, 1954.

Yassin, Yussef, Secretary to the King of Saudi Arabia, Acting Minister of Foreign Affairs, and Minister of State; Deputy Foreign Minister of Saudi Arabia.

Zabarah, Assayed Ahmad Ali, First Secretary of the Yemeni Embassy in the United States.

Zafrullah Khan, Sir Mohammed, Pakistani Foreign Minister and Minister of Commonwealth Relations; Chairman of the Delegations to the 7th, 8th, and 9th Regular Sessions of the United Nations General Assembly, 1953-1954.

Zahedi, Ardeshir, Iranian Administrative Deputy in the United States Four Point Mission until 1952; Civil Adjutant to the Shah of Iran from August 1953.

Zakkaria, Dr. Yassin, Second Secretary of the Syrian Embassy in the United States from August 1953.

Zeineddine, Dr. Farid, Syrian Ambassador to the United States and Mexico from December 18, 1952; Permanent Representative at the United Nations.

Zorlu, Fatin Rustu, Permanent Representative of Turkey on the North Atlantic Council; Vice President of the Council of Ministers and Minister of State from May 1954.

THE VISIT OF SECRETARY OF STATE JOHN FOSTER DULLES AND MUTUAL SECURITY ADMINISTRATOR HAROLD STASSEN TO THE NEAR AND MIDDLE EAST, MAY 9-29, 1953

No. 1

Editorial Note

A memorandum dated December 17, 1952, from John D. Jernegan to the Acting Secretary of State, reported he had heard the future Secretary of State might be planning some extensive travel after January 20 to the Far East and Europe, but not to the Near East and South Asia. He suggested pointing out to future Secretary of State Dulles "the serious adverse effect such an omission would have on the peoples living between Morocco and Burma." Since he considered a number of problems in the NEA area of worldwide importance, Jernegan recommended that the Acting Secretary "suggest to Mr. Dulles that visits by him to Cairo, Karachi and New Delhi would not only be useful in rounding out his global picture but would have real importance in our relations with that part of the world." (110.11 DU/12-1752)

Telegram 511 from Damascus, January 23, 1953, urged that consideration be given by the new Secretary of State to including some Near East capitals in his forthcoming visits to Europe, India, and Pakistan. It advised that "stops at Cairo, Riyadh, Tel Aviv and Damascus would permit rapid survey key issues affecting US position in area, including: (1) Arab-Israeli relations; (2) Palestine refugee problem; (3) Anglo-Egyptian question; (4) Middle East defense; (5) US stake in area oil." (110.11 DU/1-2353)

No. 2

110.11 DU/2-2753: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

CONFIDENTIAL WASHINGTON, February 27, 1953—6:38 p. m.

907. Secretary plans make trip Near East and South Asia in May. Following tentative schedule may be subject variation due travel conditions:

May	11–12	Cairo (including regional conf US Ambassadors);
	13	Riyadh (Dhahran, time permitting);
	14 thru 16	New Delhi;
	17–18	Karachi;
	19	Baghdad;
	20 thru 22	Beirut Damascus Amman;
	23	Jerusalem and Tel Aviv
	24	Tripoli

Request you inform government re Secretary's proposed visit your country and ascertain if time acceptable. Stress confidential nature of approach, pending approval of governments concerned and announcement of trip from Washington. [2]

FYI. Department hopes capitalize on announcement of trip with strong statement from White House and therefore desires avoid sapping effect through piece-meal leakage of plans. End FYI. [3]

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[1] Sent to Cairo, Jidda, New Delhi, Karachi, Beirut, Baghdad, Damascus, Amman, Tel Aviv, Tripoli, and Dhahran.

[2] Circular telegram 911, Feb. 28, advised the same Embassies and Consulates to stress that the Secretary of State's visit would be informal and it was desired that entertainment be kept to a minimum. (110.11 DU/2-2853)

[3] Circular telegram 936, Mar. 9, reported that because of leaks about the Secretary's forthcoming trip he had issued a statement at a press conference that day. The statement pointed out that the trip was being made at the request of the President, and its purpose was to gather facts rather than make specific proposals. "As first Secretary of State to visit some of these countries, sees trip as opportunity to dispel misunderstanding and to develop closer relations between US and these friendly nations." (110.11 DU/3-953) The text of the Mar. 9 press release is printed in Department of State *Bulletin*, Mar. 23, 1953, p. 431.

Circular telegram 944, Mar. 11, advised Embassies and Consulates that publicity treating the Secretary's forthcoming trip should emphasize, among other things, the fact that he would be the first Secretary of State to visit those countries and he looked on the trip as an opportunity to dispel misunderstandings and develop close relations between the United States and friendly nations.

In making approach explain purpose trip make personal contact with Near East and Asian leaders and obtain first-hand information.

New Delhi and Karachi only: At your discretion you may mention that Secretary does not plan take up question "Asian Defense Pact".

DULLES

No. 3

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Cairo [1]

SECRET [CAIRO,] May 11, 1953—4 p. m.

ST D–1

Subject: Egypt

Participants:

United States	*Egypt*
Honorable John Foster Dulles, Secretary of State	Mahmoud Fawzi, Minister for Foreign Affairs
Honorable Harold E. Stassen, Director, Mutual Security Administration	Under Secretary for Foreign Affairs
Honorable Henry A. Byroade, Assistant Secretary of State	Mohamed El-Khouny, Assistant Secretary
Honorable Douglas MacArthur II, State Department Counselor	Legal Adviser, Foreign Office
Ambassador Caffery	
Mr. Lewis Jones	

Foreign Minister Fawzi welcomed the American group. The Secretary replied that he and his party were happy to be in Cairo and said that if we met more frequently with other countries, and had closer contact, it would be a good thing. The US has contractual arrangements with other countries regarding defense (NATO) but he would like the Foreign Minister to know that it has equal concern for Egypt. His party was here to find out what Egypt thinks of the problems which are also of concern to the US and what the US can do to help Egypt. The US is very much concerned with the

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[1] This conversation took place in the office of the Foreign Minister.

Suez Base negotiations [2] and would be glad to have any thoughts which the Egyptians wished to put forward.

The Foreign Minister opened his statement by speaking of the warm feeling of Egypt for Ambassador Caffery "who knows us so well". He was sure that the Ambassador must have reported how Egypt looks to the US as a world leader. "Our corner of the world" is striving to get on its feet and to make the area strong. It must overcome the weaknesses that are a temptation to aggression. Social and economic problems are as important as political problems. The agricultural reform law is an example of the kind of project which Egypt has in mind. He referred to the Aswan Dam which, he said, would increase the area of arable land by one-third to one-half.

The Secretary interrupted to say that he had talked with Mr. Black of the IBRD and that the latter was definitely interested in the dam project and said he thought he could do something to help. The Foreign Minister said that Egypt was pleased by Mr. Black's useful and instructive visit. Egypt hoped that the new dam would provide both electricity and steel. Another project Egypt had in mind was harnessing the Katarah Depression for electric power. Egypt has just established a new province. Egypt believes that its economic projects are sound. Egypt will have to depend on "friends" for capital and know-how. He said that he was not asking for anything. He was "just giving the picture".

The Foreign Minister then referred to the Anglo-Egyptian "discussions". He said Egypt had approached these discussions in the "shirt-sleeved, American way" and was trying to be constructive. Egypt felt that the difficulties with the UK were "practical matters to be dealt with practically".

It was not realistic to say, however, that there could be any peace, or constructive work in Egypt, so long as British armed forces or "British controlled persons are on our land". The crux of the difficulties in these discussions is that while the UK has conceded that the territory of the base is under Egyptian sovereignty and control (i.e., has agreed regarding the land) the British want "technical management" of the base. The British agree that their installations and facilities will be turned over to Egypt but they insist on "technical management". Egypt is ready to concede that some technicians—even British technicians—can be left behind, but these must be in the employ of the Egyptian Government.

Fawzi said that British objection to their technicians being Egyptian Government employees is that Egypt can hire or fire them. All

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[2] For documentation on U.S. interest in the Suez Base negotiations between the British and Egyptians, see Documents 947 ff.

Egypt can say to the UK on this point is "Have faith in us" and to promise that it would not capriciously hire and fire.

The Foreign Minister referred to London's desire to have direct communication with the technicians in the base. He said that as a matter of sovereignty Egypt must insist that communications to the technicians take place through the Egyptian Government and Egyptian authorities.

The Foreign Minister said that if good faith and no hidden, unacceptable policies are involved, it would be surprising if Egypt and the UK cannot agree. However, Egypt cannot accept what Egypt conceives as a definite infringement on Egyptian sovereignty.

What Egypt can accept is a minimum number of British experts in the base as Egyptian employees and under Egyptian control for a limited time until Egyptians are trained.

The UK point of view is that British technicians must remain in the base in control of British property so long as British property exists there. This is an important point for Egypt: Egypt cannot see the equipment used as a pretext for outside control on Egyptian soil.

Speaking solemnly, the Foreign Minister said that time is not entirely at Egypt's service or command. Public opinion evolves and cannot be stopped by driving nails into it: "The less time we lose the better is the hope of a solution."

In connection with any signed agreement, he was reminded of a "famous piece of paper"—the MEDO proposals.[3] He said that MEDO is now "definitely out of focus". "There are sometimes a profound difference between signed papers and the nature of things". He said "Perhaps we are not Communists now. We do not want to be, but this situation might change."

The Foreign Minister said that the US would have to take Egypt's word that Egypt's strength would not be used against the Western world but against aggressors from "other quarters". However, if too much of a formal undertaking is now put on paper this might touch off difficulties.

He wished to reiterate that as long as the UK insists on its position regarding the base there is no hope of an agreement.

Before answering any questions the Secretary might like to ask, the Foreign Minister said he had two other items he would like to mention.

He was informed that his friends were very worried about the Secretary accepting an invitation to lunch at Jerusalem since this

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[3] For documentation on proposals for a Middle East Defense Organization, see Documents 55 ff.

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to some extent vitiated the fine US stand regarding the internationalization of Jerusalem.

The Foreign Minister then returned to his earlier theme.

He said the Egyptians do not expect miracles. They would like to see the US measure up to its role of leadership which the US cannot escape. He said he could not conceive of the Arab Moslem people being happy so long as the UK holds its present position in Egypt. He said that the choice for the UK is (a) holding on to the base against the will of the people or (b) befriending the people and thus having their willing cooperation at all times. The Foreign Minister said he was not a military expert. (The Secretary interjected that both he and the Foreign Minister had military men as their bosses.) He believed that a base held against the will of the population was of little use.

The Foreign Minister said that Egypt was anxious to build up Egypt and Egyptian strength. It believes in self-help and is willing to spend up to its capacity on social and economic reforms. It hopes that interested friends will contribute the difference between what Egypt can supply and what is needed. However, this cannot be done in such a way as to infringe the sovereignty or rights of the Egyptian people.

The Foreign Minister said that the last meeting of the Arab League resolved to put the Arab League Collective Security Pact into operation and to strengthen it. All Arab States are trying to build up their economic and social strengths and success in these two fields is the best source of national strength. Just as Egypt has in mind many real projects, so too does the rest of the Arab world. The Arab League is considering the idea of a network of international roads in the area. Very importantly, there will be a meeting of the Arab League Finance Ministers next month. One item on their agenda will be the establishment of an Arab Investment Bank.

The Foreign Minister said he wished to remind the Secretary that as long as present conditions in and around Israel (he used the word "Palestine") continue, it is beyond the bounds of possibility that real peace will exist in the Middle East. The refugees represent a terrible human and social problem. Moreover, not only had Palestine been partitioned—the Arab world had been partitioned by Israel.

The Foreign Minister said that either now, or in the future, Egypt was always open to constructive ideas as to how it might contribute to world peace and stability. He was aware of the many anti-Communist measures undertaken by the US but he said that many people feel that delay in solving the problems in the Middle

East in a decent way is one of the best ways to make Communists. Situations produced attitudes.

He asked for questions.

The Secretary said that in regard to Jerusalem he would like to make it clear there is no political significance to his visit there. To him, as a Christian, Jerusalem is a very sacred place which he had long wanted to see. He did not know exactly who he would see there but Jerusalem was only incidental to his visit to the area generally. (The Foreign Minister said he had mentioned Jerusalem "only as a friend".)

The Secretary said he had no idea that political implications would be attached to his visit to Jerusalem. Personally, he had always believed in a large measure of internationalization and had always adhered to the broad lines of this UN Resolution.

The Foreign Minister inquired whether he would be seeing any Arabs in Jerusalem.

The Secretary said he would try to see some Arabs.

The Foreign Minister said that the Arab friends of the US would not like to see the US lose credit for blocking the transfer to Jerusalem of the capital of Israel.

The Secretary said that he was not criticizing the past President or his Administration. The Administration to which he belonged was trying to work out a Middle Eastern policy on the basis of enlightened self-interest of the US as a whole. "I do not mean self-interest of particular groups of Americans." The Foreign Minister might rest assured that if anything happens inconsistent to what he had just said, the Administration would try "to keep the scales in balance".

The Foreign Minister said that he welcomed these assurances and hoped that there would be few "accidents".

The Secretary said he would be interested in knowing the exact status of the present negotiations with the UK.

The Foreign Minister replied "at the sixth and so far the last meeting" the UK and Egypt had exchanged draft proposals and counterproposals. After this the UK had come to the Egyptians and said the British Government would not accept the Egyptian proposals. He said that the UK seemed to think that some reply should be made by Egypt; "Our position is that we have already given the British our answer in the negotiations."

The Foreign Minister said he would like to stress the fact that what is involved is Egyptian sovereignty. He did not feel it was a matter of words. It was a matter of fundamental position. Egypt would never accept non-Egyptian experts here "in control of anything". Egypt believed in efficiency and felt that it must work out a way so that efficiency and sovereignty could go together.

The Secretary said that "sovereignty" is a very difficult word.

The Foreign Minister interrupted to say that he was "not talking about books" and the definition of sovereignty which would be found in books.

The Secretary said that in a sense every treaty signed by a country infringes its sovereignty: no individual and no nation are ever entirely sovereign. He said that in the UK, where the US has bases, US technicians get US orders and this is as it should be.

The Foreign Minister warned against the danger of comparisons. England was England and Egypt was Egypt. The Egyptian people would never accept it. Already the Egyptian Government had "taken a great deal on itself" in agreeing to permit some British technicians to remain.

The Secretary cited as an example a British or a US firm located in Egypt. He was sure that such a firm could receive direct communications from its home office. He had in mind a firm like the Ford Motor Company. The Foreign Minister replied that no one could say that the Ford Motor Company is infringing Egyptian sovereignty.

The Secretary referred to the great quantities of stores in the base which were the property of the UK. He could not see how these stores could be useful if not under the instructions from their owner.

The Foreign Minister said that Egypt was prepared to accept the idea that the directives should come from London but it was important that they pass through Egyptian hands. The Egyptians could work out a system whereby they could be passed on promptly.

It being 4:55 the conference broke up to proceed to the Presidency where General Naguib was waiting.

No. 4

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Cairo [1]

SECRET [CAIRO,] May 11, 1953—5 p. m.

ST D-1/1

Subject: Egypt

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[1] This conversation took place in the office of the Prime Minister.

Participants:

United States
Honorable John Foster Dulles, Secretary of State
Honorable Harold E. Stassen, Director, Mutual Security Agency
Honorable Douglas MacArthur II, State Department Counselor
Honorable Henry A. Byroade, Assistant Secretary of State
Ambassador Caffery
Mr. G. Lewis Jones

Egypt
Prime Minister Naguib
Minister for Foreign Affairs Fawzi
Under Secretary for Foreign Affairs
Ahmed Hussein, Egyptian Ambassador to the United States

After the taking of many photographs in the Prime Minister's private office the party adjourned to the Council Room of the Presidency. There the Secretary presented the Prime Minister with a 32 automatic, a personal gift from General Eisenhower to the Prime Minister. (This presentation was intended to be in private but the last photographer leaving the room glimpsed the pistol and thereupon all returned and photographed the Prime Minister with the pistol in his hand.)

The Prime Minister said that he had again to thank the Secretary for kindnesses. He appreciated the letter from General Eisenhower just delivered [2] as he had appreciated the previous letter from the General, and now he wished to thank him for the pistol. The Prime Minister said it was great a honor to have in Cairo such important personalities. He hoped very much that those present would help to resolve the problems facing Egypt. He was grateful for the Secretary's kind words at the airport. All Egyptians appreciate it and want to be friends with the US.

The Prime Minister continued:

Egypt is doing its best to reform the country in every way. It is trying to make economic, social and political progress so that it can take a major part in preserving the peace of the world. The objective is to make Egypt a "a good nation and a peaceful nation".

The Prime Minister said these efforts at reform are greatly hindered by the aggression of the British in Egypt. He hoped that the Secretary would tolerate frankness; he would expect the same frankness from the Secretary.

The Prime Minister said that the Egyptian Government has only achieved part of its program but it is making headway in reconciling differences between rich and poor, in trying to make the state genuinely democratic and to give people liberty. It had many ideas for bettering the economic and social life of the country. For example, there was the new high dam and the electrification of the old Aswan Dam. He was sure that the Secretary knew about the law for the division of agricultural land. These and many other measures are designed to raise living standards of the Egyptians and to "make the people feel happy". If the people feel happy this will be a natural defense against bad social life. British occupation and British stubbornness are "blocking our liberty" and are arousing the people who want liberty.

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[2] Not further identified.

America has always been considered as the leader of liberty and the friend of weak nations; as the country most sympathetic and willing to help smaller states achieve their national aspirations.

Unforturnately the high standing of the United States has deteriorated in the eyes of the Arab world as a result of the Palestine situation. Originally the Arab peoples felt bitterness only against the UK. Now the Arabs feel that the UK has shifted some of the burden of bitterness on the shoulders of the US. The Arabs have before them always the plight of the refugees who are living under very difficult circumstances. Egypt has Arab refugees in Gaza where life is very hard.

The Egyptians, and the Arabs generally, feel that the US has always favored Israel and this is the cause of bad feeling against the US. The Prime Minister wanted to point out the fact that Egyptian public opinion is alarmed and afraid whenever they hear of entering into a pact regarding Middle East defense involving the US and the UK. Egypt has had bitter experience with many agreements with the UK which have not been kept by the UK. He mentioned the agreement of 1922 and the agreement of 1926. He said that the latter required the UK to give Egypt a modern army but the resulting army was "fit only for funeral celebrations". Further evidence of British bad faith was the recent agreement on the Sudan: only one week after this was signed British officials began to go against the "essence of the agreement".

The result of this bad experience is that everybody is *afraid of pacts and agreements.* There is a feeling that no agreements can be "respectable" unless they are made between equals. Agreements made on the basis of a master-slave relationship are of no use. The Prime Minister said "If I feel oppressed (as all of the people do) there is no point in making an agreement". He said that the people's will would have to be respected. The people are now so suspicious that they will not consider any agreement on defense until they "find themselves free".

According to the Prime Minister there is a great need to establish confidence between Egypt and the UK. In this connection he welcomed US interest but he felt that Egypt would have to protect its position. He said that the US is so powerful that it "can do anything". (This point was somewhat obscure; the Prime Minister appeared to mean that if the US were to use all the means at its disposal it could *force* the Egyptians to make an agreement.) It must be recognized, however, that "if I say I will make a pact I will lose all my supporters." This being so, the Prime Minister said, he must first eliminate all the hindrances which will *prevent compliance with any agreement made.* Once liberty is achieved "the people will be willing to have confidence in anybody—even the UK".

The Prime Minister then said that defense of Egypt is Egypt's responsibility which Egypt is anxious to undertake with both strength and enthusiasm. However, no matter how many troops are brought in by the UK to the Suez Base they will "never be safe" from the 22 million Egyptians who see them as aggressors. He said that he must be frank; the present situation might get even worse. "What I can do with the British now I may not be able to do in a month or two."

The Prime Minister said that Foreign Minister Fawzi could explain the trend in the discussions with the UK which had already taken place. The UK had told the Egyptian Government that it was going to withdraw and suggested the establishment of four committees to study the problem: (a) Withdrawal Committee, (b) Base Committee, (c) Air Defense Committee, and (d) Equipment Committee. It was only in connection with (b) that the Prime Minister saw any grave difficulty. This committee was to study the maintenance of the base. The British had originally suggested that the Base Committee should begin its work without terms of reference. The Egyptians had insisted on broad lines of principles for its guidance. The British insisted on British technicians to manage British equipment installations. The Egyptian position is that Egypt must have full control of the base by Egyptians because otherwise this would be an infringement of Egypt's sovereignty.

He was sorry that the UK kept harping on formulas and refused to look at the facts. "Nobody can accept an arrangement of the kind suggested by the British and that is all there is to be said."

The Prime Minister said that he is eager to settle the question of the base so that his hands would be free to deal with internal reforms. The people have such a lack of confidence, however, that they will not listen now to the idea of a defense arrangement. In 1950 the Arab League Collective Security Pact was set up. He thought this might be developed into "something good".

The Prime Minister returned to the point made several times earlier. He said no government in any Arab country can now go against the will of the people, who "hate the British" and feel bitter against the US (and to some extent France) for helping the UK. The Prime Minister asked rhetorically, "Free us from the

British occupation and we can then negotiate in good faith". At present, however, "All our minds and feelings" are aroused against the UK. This same energy could be turned to making arrangements for Egypt's defense. The Prime Minister said that no country can stand alone and thus it will behoove Egypt to look about for friends. "Russia is not our friend".

The Prime Minister said that all the Arab States have their own problems and that all of the Arab States are waiting for Egypt to solve the Anglo-Egyptian problem. He was certain that a solution of the Egyptian problem will achieve "what you want and what we want" in the other Arab States.

Israel represents a continuing problem but he thought that "something might be done" towards a just solution once Egypt's quarrel with the British is settled. What he had in mind would involve the defense of the Arab States and the establishment of land communication between Egypt and the Arab States.

The Prime Minister said that "bad consequences" were certain to follow a failure to agree with the UK. This would adversely affect his government and perhaps another revolution would take place with incalculable results. His regime had attacked the evils of bribery and corruption and the people, particularly in the country, are happy. They now have great expectations of his government but unless "the source of all our ills" is removed (i.e., British forces) he would not hide from the Secretary the fact that January 26 might be repeated.[3] If it were repeated there would be chaos and it would be the kind of chaos which "the British, the Communists, and others, who have an interest in chaos, could exploit".

The Prime Minister said he understood the US looks favorably upon the RCC. Already however the Communists are now saying that the RCC is selling out Egypt to the UK at US behest. The Prime Minister said that he welcomed aid and money from the US but in connection with the latter the Egyptians remember and fear a repetition of 1886 when the British came in to collect the debts of Khedive Ismail. He implied that Egypt could not expose itself to the same danger vis-à-vis the US. The Prime Minister said that if the RCC were to fall, bitterness would increase in all the capitals of the Arab States where they are waiting to see what will happen in Egypt. He wished to repeat again that the essence of any future agreement is confidence.

The Prime Minister said that he could not imagine why the British "want to retain a finger here". Perhaps the reason is explained by the story of "Goha's Nail". This was an old Egyptian story.

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[3] For documentation on the Cairo riots of Jan. 26, 1952, see Documents 956 ff.

Goha sold his house to a friend, stipulating however that one nail on an interior wall of the house remained his property. No sooner had the new owner moved in than Goha showed up to make certain that his nail was safe. He paid repeated visits at all hours of the day and night to examine his property. The result was that a) the new owner went crazy because of these visits; b) Goha married his wife and c) got back the house he had sold.

The Prime Minister said rather than have a case of Goha's Nail, he would prefer that the British "take all their equipment and go". The Prime Minister said he had nothing more to say.

The Secretary said that he was very grateful for the Prime Minister's remarks which were just the kind of plain talk that he and Mr. Stassen had come to hear. It was always important to know how other people feel.

The Secretary said that the new administration is now in the process of making up its mind what its new foreign policy should be. When it took over it was faced by existing foreign policies—some good, some less good. All US foreign policies are being reviewed and this process may take another three months to complete. The President had asked the Secretary and Mr. Stassen to make this trip. The President was sending his brother (whom the Secretary himself might join later) to study the situation in Latin America. It is an important fact that foreign policies cannot be made in Washington without a knowledge of what is in the minds of other people.

The Secretary could say *now*, however, that the new Administration's policies will be based on the Communist threat. The Communists already rule one-third of the world. He referred to Communist activity in Indo-China as evidence that Communists seek further expansion. He wanted the Prime Minister to know the US view that nothing has happened to change the philosophy of the Communists. The death of Stalin did not change Communist philosophy which, like a religious creed, keeps on and on. Faced with the Communist threat, the US naturally seeks the help of others. The US considers the Middle East to be a danger area which heretofore has been somewhat neglected by the US. It is the area from which great religions and much culture have sprung. In the past the US has perhaps centered too much of its interest on Israel as a result of pressure groups in the US. The new Administration is seeking a balanced view of the Middle East directed against neither the Arabs nor the Jews.

Evidence of the new Administration's concern with the problems of the Middle East is the presence in Cairo, at the President's direction, of the Secretary and Mr. Stassen.

The Secretary wished to make clear that what happens in Egypt is up to the Egyptians. The US cannot dictate to Egypt. Power must come from the people themselves. Nevertheless he would like the Prime Minister to know when the new Administration had studied world strategy in the Department of State and in the National Security Council they had concluded that *Egypt is the country in the Middle East which, under the leadership and guidance of the Prime Minister, contains the promise of a great future.* President Eisenhower himself has high regard for the Prime Minister and what he is doing. The President believes that the Prime Minister is giving exactly the kind of leadership which has been lacking in the Arab world for so long. The leadership of the Prime Minister gives an opportunity to effect in Egypt economic improvements—in agriculture, in industry, in irrigation, etc. It also contains the potential for the possible strengthening of the armed forces of Egypt.

So far as arms are concerned there is a desperate need for American arms in Laos and other places in the Far East as well as in Europe. It will not be easy for the US to assist Egypt with arms. However, if arms, and economic help are justified in the case of Egypt, and if Egypt itself desires these things from the US, the US would be prepared to consider making the Egyptian Army a real force in the world.

The Secretary said it was not possible for the US to help everybody. Consequently the US must follow a selective policy. As the US sees the situation, Egypt has great possibilities for the future not only for itself but as an example for others to follow.

The Secretary said that he was sure that the US vision of the new and greater Egypt was only a pale replica of the Prime Minister's vision. However, he would like the Prime Minister to know that the imagination of the American people had been caught by what the Prime Minister is trying to do. President Eisenhower would like closer ties with Egypt in the military and economic spheres and had asked the Secretary to ascertain from the Prime Minister his ideas in this regard.

Anglo-Egyptian differences represented a real problem for the US.

The US is not ashamed of its close ties of alliance with the UK and makes no effort to disguise these ties. The Secretary said that sometimes the US has its differences with the UK but these it tries to solve quietly. The US does not automatically accept British policy. One hundred and sixty years ago the US started on the road of independent policies and this would continue. However, the US and UK do agree on general broad principles. "We share with the UK cultural and religious traditions and these give us a similar point of view on most problems while maintaining the right to exercise in all instances entirely independent judgment. It was wrong for people to say that the UK led the US by the nose."

(The Prime Minister said that he did not think that the UK led the US by the nose.)

The Secretary continued:

The US does not believe in colonialism. The US freed the Philippines and gave up special rights that it had one time possessed in Cuba. The US does not believe that certain peoples and races have the right to determine the fate of other peoples.

So far as the Suez Base is concerned the Secretary had discussed this in Washington with Mr. Eden in March. The previous Administration had done the same thing. In Washington the US agreed with the UK that there must be a prompt change in the situation which would recognize the sovereignty of Egypt over the Suez Base in theory as well as in fact.

One consideration seemed very important to the US: The change in the status of the base should *not affect its usability in war on short notice.* No one could afford to have a power vacuum in the base. The Secretary hoped that Egypt would feel, as the US feels, that the technical maintenance must be at a high level of efficiency. The Base contains vast quantities of stores and "unless we are careful in the way we make the change, the value of the base might be destroyed at a very critical moment".

The foreign policy of the new Administration (now in the process of formulation) tries to think ahead for five or ten years. The US believes that the danger in this part of the world is real and present. The Communists do not change their purpose very easily. The Prime Minister would recall that in the Stalin-Hitler conversations of 1940 the USSR claimed as the center of Soviet aspirations the "general area of the Persian Gulf". The Germans objected to this Soviet claim and thus the USSR risked a terrible war for this objective. This happened once; the US believes that it could happen again and that the Middle East might be the next area of danger.

As General to General, President Eisenhower sent the Prime Minister word that he thought the greatest care should be taken not to destroy the utility of the Suez Base which is such a major deterrent to aggression against the Middle East. The President felt that impetuousness must not be allowed to interfere with the operation of the Base.

The Secretary talked with the President several times about this problem—most recently last Friday (May 8). On this occasion the President had told him that "We all agree that the British troops must be evacuated and Egyptian sovereignty be restored but base is great deterrent to aggression. The Base could be the place from which to strike back. Consequently the Base must be preserved without any period of vacuum". Thus, continued the Secretary, the President's message to you is,"*Don't create a moment of danger*".

The US believes in a phased withdrawal of British troops but at the same time in a base in instant readiness. Readiness in three months or six months might be too late in modern war.

The Secretary said that danger to the Middle East is "more yours than ours". Some people believe that the US has an inescapable interest in the Middle East because of oil. The truth is that the US has surplus oil from Venezuela and can do without Middle Eastern oil. This does not affect, however, the temptation which the great Middle Eastern oil reserves are to the Soviet Union.

The US believes that in the present situation there must be a gradual transition. It is highly important that orders for the handling and management of British equipment in the base be quickly and efficiently executed since *this base system is the only effective deterrent in the area today*.

The President hopes that the Prime Minister will work to preserve this deterrent.

The Prime Minister said he did not see how a vacuum could take place because Egyptians would take the place of British troops.

The Secretary replied that the US believed that Egyptian troops would protect the Base. The important thing is "the instant availability of the stores and equipment in the base". The management of British stores and equipment by British technicians represents a system which we "do not want to see broken up without adequate replacement". The Secretary hoped that Egypt would move very cautiously in regard to British technicians.

The Prime Minister said that already the Egyptian Air Force has its own technicians to manage its stores. He thought Egyptians could, in time, learn to do the job.

The Secretary replied that he was not in a position to judge the capacity of Egyptians to learn to handle, service, and repair alien material but he would like to know whether the Prime Minister agreed with him regarding instant availability.

The Prime Minister replied that he did agree to instant availability and that Egypt had agreed to be "entrusted" with British stores. Foreign Minister Fawzi intervened to say that Egypt has accepted (a) some British technicians whenever Egyptians not qualified and (b) the principle of efficiency in the base.

The Secretary said he wished to stress the importance the US attaches to the efficiency of the base. Detailed knowledge is very important to the proper handling of the stores. He urged that nothing should be done precipitately.

The Foreign Minister said that the British refused to contemplate their stores ever being cared for and managed by Egyptians.

The Secretary replied that the British might have too low an idea of Egyptian capabilities in this regard.

The Prime Minister said that he did not agree with the UK that a vacuum would follow transfer. Egypt wanted to keep the base in the best possible way. The best deterrent to the USSR would be the spectacle of Egypt working loyally with the UK. If this happened the USSR would never dare attack. He agreed that an efficient base is intrinsic to the defense of Egypt. Nevertheless the British insist that as long as British property is in Egypt it must be handled by British technicians under British control. Why this desire to control? Egypt wanted nothing which "*infringes our sovereignty*". Egypt would gradually take over the control of the base and would certainly not abuse it. However, if control rested in London "how can I be sure the British will not increase the number of their technicians?"

Mr. Byroade said that he had a question to ask. What was the Egyptian attitude towards exports from the base? He understood that some of the supplies and equipment were processed and exported to Libya, Cyprus, the Arab Legion, etc. How did Egypt feel about this export business?

The Prime Minister said that the contents of the base are British property and that the British can "remove anywhere they like".

At this point the Secretary interjected that "it seemed stupid that ways cannot be found to meet the views of both sides on the matter of technicians". Everyone is agreed regarding the withdrawal of British troops. The Ford dealer in Egypt has a lot equipment, spare parts, etc. He makes repairs, replacements. It requires time for him to train people and yet the fact that he receives instructions from his home office in no way affects Egyptian sovereignty. The Secretary said that the Egyptian Government would have won its "great political victory" with withdrawal of British troops. Could it be that the great vision of a new Egypt could collapse over the problems of a few inventory-keepers?

The Foreign Minister said that a major question of principle "jumps out when we talk of control". The number of British technicians and the number of Egyptians is a matter for the committees to study; it is a matter for fact finding.

The Secretary said that "efficiency" is the key word in thinking of the base.

The Foreign Minister reiterated that he felt the best manner to set up control would be to have this made the subject of study by the Base Committee. He agreed that it was ridiculous that negotiations should break down over inventory-keepers. He failed to see why the British should be so insistent on this point.

The Secretary said it would be a crime against humanity if the two parties could not solve the "last remnant of the problem".

The Egyptian Ambassador to Washington intervened at this point. He said that while he was Secretary for Social Affairs 46,000 Egyptians had left the base. During the war thousands of technicians were employed by the UK and the US. He was thus certain that Egypt can find the technicians. (*Note:* This statement by the Egyptian Ambassador may be a clue to a genuine misunderstanding. To him technicians meant machinists, mechanics, and other skilled trades. The UK, which employed up to 80,000 Egyptians in the Base previously, expects to use Egyptians for skilled trades—the more the better. The British point turns upon "technical management" at a high level.)

The Secretary said that he had not come to Egypt to involve himself in the negotiations. He was primarily interested in the potential role of Egypt in the future. He looked forward to talking with the Prime Minister again about the "big picture". He was sure that the Prime Minister fully appreciated *that the US cannot equip Egyptians to fight the British.* It was thus important to get the Anglo-Egyptian dispute out of the way so that the US could discuss with Egypt economic aid and such other important matters as peace with Israel and collective security. On the latter point he was coming more and more to feel that the original MEDO proposal no longer meets the situation and is outdated. He thought that something else could be found.

The Prime Minister replied that everything depends on confidence. The Jews have frequently ignored or broken UN Resolutions. Egypt is even now prepared to plan informally with the US. The Prime Minister said that "after the British get out I am sure that I can reach an agreement with Israel". The Secretary must always bear in mind his political difficulties. Already he is charged with throwing Egypt into the arms of the US.

As the meeting was about to break up an aide brought to the Prime Minister an early ticker account of Prime Minister Churchill's speech [4] before the House of Commons the same day. This the Prime Minister read aloud but made no sustantive comment upon it.

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[4] Telegram 318 from London to Cairo, repeated as 6028 to Washington, May 11, not printed, reported a foreign affairs speech by Churchill to the House of Commons. Among other topics, Churchill spoke at length on the background and current status of the negotiations between the United Kingdom and Egypt. (Conference files, lot 59 D 95, CF 155)

No. 5

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Cairo [1]

SECRET

CAIRO, May 12, 1953—12:15 p. m.

ST D-1/2

Subject: Egypt

Participants:

United States
Honorable John Foster Dulles, Secretary of State
Honorable Douglas MacArthur II, State Department Counselor
Honorable Henry A. Byroade, Assistant Secretary of State
Lieutenant Colonel Stephen Meade, United States Army
Ambassador Caffery
Mr. G. Lewis Jones
Mr. Howard Elting
Mr. William Lakeland

Egypt
Colonel Abd Al Nasir
Major Abdel Hakim Amir
Major Salah Salim
Wing Commander Abd Al Latif Baghdady

The Secretary opened the conversation by saying that he was delighted to see the representatives of the RCC and to have a chance to exchange views with them. The Secretary felt that he understood the Egyptian point of view better than when he had arrived, but that he still had much to learn. He would like to say a few words of general character.

The Secretary would like the RCC representatives to know that the US has a real enthusiasm for the new regime in Egypt which has done so much to introduce honesty into public life. The US would like to be of help in the work of the new regime, but, of course, it does not wish to intrude its help. The Secretary had a long talk with Mr. Black of the IBRD who told him that he was genuinely interested in helping Egypt with a loan. The Secretary was glad to hear this, because he felt that an international fund like the IBRD should be available to help deserving countries.

As he had done to the Prime Minister the previous day, the Secretary said that there had been high-level meetings in Washington to decide where US financial aid could be best employed. It was impossible to help everybody and, consequently, it seemed wise to choose "a few key positions". Egypt is one of the countries "we would like to help with military supplies and equipment" because we feel that Egypt now has the leadership which could cause Egypt to set an example to the other Arab States, where there has been so much weakness during the past few decades.

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[1] This conversation took place in the U.S. Embassy.

The Secretary said that the Administration had asked Congress to appropriate economic assistance for the Middle East in a lump sum somewhat larger than that of last year and without specific separation between the Arab States and Israel. So far the reception of the Congress had been favorable.

The Secretary said that it was interesting to note that the Republican Administration does not owe the same degree of political debt as did the Democrats to Jewish groups.

The Secretary said that he thought the Washington situation was such that it could lead to the improvement of US relations with all democratic countries. So far as Egypt is concerned, there was one thing to be cleared up—the presence of the British forces in Egypt. The Secretary understood that the withdrawal of British forces was now assured in almost all respects. Only a few residual elements remained. It was now settled that the British troops will evacuate Egypt, and Egypt's sovereignty will be fully recognized.

What remains undecided is the question of custody—the utilization—the direction—of the depots in the base which "are so important in the absence of other arrangements for area defense". The depots are a "material basis" for area defense, and from the US standpoint they form a vital part of the strategic picture in this part of the world. The depots must be well managed, and their contents must be available for use in Cyprus, Jordan, etc.

The US would like to see area defense established. The more the Secretary thought about MEDO the less well he thought it was adapted to meet the case. It involves too many non-area countries. The Egyptians, themselves, have proposed some form of area defense system.

In sum, it is the US feeling that:

a. British troops should evacuate and Egyptian sovereignty should be fully restored.

b. The present mechanics for the defense of the area (i.e., the base) should not lapse even for an interim period.

It could not be denied that the armies of the Arab States are weak. The US thinks that the custody and direction of the depots should be retained, so that these can be used, even under present defense plans.

The Secretary said that, as he had told the Prime Minister yesterday, the US has no desire to back the UK in "imperialism" or "colonialism". The US wants to see Egypt free. The depots are, however, a complicating factor. They cannot be shifted. A way must be found to use the depots as a "backlog for strategic plans" for the time being until Egyptian leadership produces a group or association which will make the area safe. The US hopes that this will not take very long.

No country can stand alone. Even the US must participate in mutual defense groupings. An Association of American States helps to protect the Panama Canal. The Secretary said, "We beg you not to demand a degree of control over the actual supplies in the base which will handicap their usefulness for defense."

The Secretary said he would like to know the solution of the problem foreseen by the officers present.

(*Note:* From this point it was extremely difficult to take notes because the officers (particularly Nasir) spoke in low voices. The following is only an approximation of the conversation.)

Nasir said that Egypt is faced with the problem of confidence. He thought that the objectives of the US and Egypt are the same; Egypt, too, would like to see the defense of the area organized. However, as long as British influence is in Egypt, there is a psychological block to setting up an area defense arrangement. The Egyptian people think of MEDO as a "perpetuation of occupation". The British want "technical control", but he assured the Secretary that if the British are "here under another name", the population would not cooperate. The population must be convinced—must have confidence.

The Secretary asked how long he thought it would take to work out a new organization—a couple of years? Nasir replied that "nobody" would now accept the statement that the UK can be genuine allies of the Arabs. The population of Egypt would think crazy anybody saying this.

The Secretary reminded Nasir that it would be a great thing to have the British forces leave Egypt. Would this not make a big difference?

Nasir replied that British influence must *entirely disappear.* The RCC must depend upon the cooperation of the people. The people would not cooperate for anything else.

The Secretary said that he understood very well that no government can be strong without the support of the people: by the same token, governments must influence the thinking of the people.

Nasir replied, "We can influence the people on every point except this."

The Secretary reminded Nasir that he would have a great success with the withdrawal of the British forces—the greatest success any government of Egypt had ever had in time of peace. As he had said earlier, it was within the grasp of Egypt to have other successes equally notable in other spheres (economic, social, etc.). It was difficult for him to understand how these successes must depend on the *total elimination* of any British influence. Would British civilians in the base really represent influence? It seems incredible that Egypt would throw away these successes on such a point.

Nasir said that under the UK ideas Egypt can have "overall control of the base" but that the UK wants "technical control". (The officer outlined the difficulties of this from the point of view of Egypt.)

The Secretary attempted to make a comparison with the "technical control" which the Ford Motor Company has over its factory representative abroad. He said this in no way infringed sovereignty. The company could order the parts it wished and export them where they wished. The base was an analogy to this commercial arrangement.

Nasir said with regard to parts and supplies moving in and out of the base that, "We want the base to be like a bank; the British can put in, and they can take out."

The Secretary said, "Let's be more specific. What do you mean by control? How do you envisage Egyptian control?"

Nasir, in a low voice, said that Egyptians could be trained to do everything the British are now doing.

The Secretary said that it would be "unreasonable and unfortunate" for Egypt to ask for such a degree of control in the absence of any going defense organization. The depots contain vast supplies. The US hopes Egypt will lead the Arab States into a new area defense system (not MEDO, since this was out of date) which, when it is achieved, will find the material in the depots available to it.

Nasir said that Egypt could and would maintain the depots for use at all times.

The Secretary said the US would like to see them maintained until a new organization is available. What the US feared was that a "dead-hand would freeze the equipment in the base for a couple of years." The base must be a living organism with material moving in and out; it was not dead storage. At this juncture of world affairs no one could afford dead storage.

Mr. Byroade said that he had a question about exports from the base. Was he correct in believing that the Egyptians wanted to be in the military communication channel through which orders regarding the supplies would move?

The gist of the Egyptian reply was that they did not have exactly this in mind.

Mr. MacArthur inquired whether the British know that it is the Egyptian idea that they will be free to ship supplies anywhere at any time.

The gist of the Egyptian reply was that the British had been told.

Mr. Byroade said it was difficult for him to understand how the question of sovereignty could be affected by the movement of direct telegrams regarding supplies from the UK to the base.

The Secretary said that the Ford Motor Company did not communicate its orders through the Egyptian Foreign Office.

Mr. MacArthur recapitulated. He said that the Egyptians had said the UK would be free to move the stuff where and when it likes, and that after evacuation starts, Egypt will be ready to start planning. The UK has a real public opinion problem of its own. Can the UK say that Egypt has agreed to the free movement of supplies in and out of the base? The Egyptians answered "yes". Mr. MacArthur then inquired whether the UK could say that Egypt will be prepared after evacuation starts to undertake area defense planning with the UK. The Egyptian answer was that this would be very difficult for *Egyptian public opinion* which would see in this only a disguised form of the hated joint defense.

Mr. Byroade said that if Egypt has agreed not to stop orders, would Egypt be content to have copies of the orders sent from the UK to the base?

Nasir said that what the Egyptians want is to run the base with Egyptians as soon as Egyptians are in a position to take over. He hoped that this would be in a short period. Acceptance of this idea by the UK would give the UK the friendship of Egypt and the entire Arab world.

Major Salah Salim said that in the course of the negotiations they had asked whether the UK would be prepared to have Egyptian technicians run the base. The British had replied, "meaning *forever* ", they could have only British control over British stores so long as British stores remained in the base.

Mr. Byroade said that the British might want to send equipment and supplies to Iran. Egypt might not want this to happen. He asked how Egypt could assure "all of us" that the base would work as before until a defense set-up is ready.

Nasir replied, "What can we do except promise?"

The Secretary said that the Egyptian ideas were obscure on this point. He then read from the Egyptian draft terms of reference for the Base Committee (Embassy's despatch No. 2367 dated May 7, 1953).[2] He assumed that Egypt accepted the warehouse idea, but in the event Iran was invaded the goods would have to move. The stores in the base are not like in the vaults of a bank. The point is *movement*.

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[2] Not printed.

Mr. Byroade inquired whether the Egyptians would have any objection to the British bringing in replacement stores.

Nasir replied that the British were free to maintain the present level of stores in the base, but if there was any increase in this level, the Egyptian Government would wish to be consulted.

Byroade said that it seemed to him that there was sufficient area of agreement to make the problem between Egypt and the UK really one of finding words to express ideas.

The Secretary said he was very happy to have this talk.

Nasir said that he could assure the Secretary that Egypt wanted the base to be ready and workable.

Colonel Meade expressed the opinion that, "It all boils down to where the orders come from" and asked whether Nasir agreed.

Nasir replied that this was one point; the other point dealt with the duration of the presence of British technicians. Egypt *must* know the time limit "when all British will be gone".

Colonel Meade said that as a military man he disagreed with this idea. He could not see how Egypt could object to British ordnance supervisors. In American bases abroad, Americans are always there. It was hard for him to see how the population could object to these people. Once the British forces had moved, the volatile emotion of the people might disappear.

(*Note:* Several discursive trends of thought appeared at this point and could not be recorded.)

Asked regarding the status of the British technicians, Salah Salim replied that they could be a team of assistants attached to the British Military Attaché in Cairo. Replying to a question by Colonel Meade, Salim said that Egypt had given full assurance that such a team could go down to visit the base at any time.

Nasir reiterated the point that *Egypt did not want any British technicians in the base as soon as possible.*

The Secretary asked, "How can we get the talks going again? The situation is dangerous." Nasir replied, "By getting the British to agree to the Egyptian point of view." Salah Salim said that he did not think the British would agree.

Nasir, in reply to a question, made it clear that as he viewed the channel of communication regarding the disposition of supplies in the base, it would run from the British War Office to the British Military Attaché, Cairo, and thence to the Egyptian War Office. He said the orders must not go directly to the base.

The Secretary said that he had found the talk interesting and helpful. He looked forward to seeing the same group at dinner at the Embassy that evening.

Nasir agreed that they would talk that evening and remarked that Egypt is ready to put some teeth in the Arab League Collective Security Pact. He said, "We all want action."

The meeting broke up.

No. 6

Conference files, lot 59 D 95, CF 156: Telegram

The Ambassador in Egypt (Caffery) to the Department of State

TOP SECRET CAIRO, May 13, 1953—noon.

2421. Personal for Smith from the Secretary. Have found situation in Egypt more serious than Department generally has recognized. Negotiations between UK and Egypt are at present suspended with seemingly little possibility either party assuming initiative in reopening talks. The base negotiations are stymied on technical points but these assume great importance in an atmosphere of mutual distrust.

Our observers here are convinced and I share their view that possibility of open hostilities in near future is real. British representatives here agree. From talks with the Egyptians I believe that while they realize chaos and destruction of their regime would inevitably be an aftermath of open hostilities they will choose that alternative rather than make concessions to the British which they consider would publicly be looked upon as infringing Egyptian sovereignty. Their emotions are so great they would rather go down as martyrs than concede.

Conversation with Stevenson and General Robertson indicate they are under instructions to negotiate solely along bases case A.[1] They recently requested new instructions receiving in reply message from Churchill stating they had their instructions and to stick to them.

In analyzing the technical points of difference we find nothing that could not be solved but for a complete lack of trust and confidence among the parties. It is almost impossible to over-emphasize the intensity of this feeling. It may be pathological but it is a fact there just as sentiment is a fact in London. Attitude here in the short run cannot be changed.

In face of above we have outlined the President's conception of importance of Egypt and the role she can play in the future. Stassen and I have in a general way talked of US assistance to enhance the position of Egypt if present difficulties can be surmounted. Have explained as well reasons why defensive arrangements in Middle East and maintenance of base for immediate use are considered essential from US point of view. I believe these talks held with both Naguib and members of RCC have been effective and believe (but cannot be certain) that they will do nothing drastic until I have had chance return to present my views to the President and JCS.

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[1] For documentation on this matter and further discussion of it as indicated in telegram 2423 from Cairo, May 13, *infra*, see Documents 947 ff.

Caffery has sent you by despatch 2367 of May 7 [2] the proposed British and Egyptian texts in matter under disagreement. A proposed US draft that might conceivably solve present stalemate is being sent in following cable. A third cable will give some of thinking behind US redraft. This series of messages not being repeated London. Caffery will inform London information he passes on to British here.

CAFFERY

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[2] Not printed, but see footnote 1, *infra*.

No. 7

Conference files, lot 59 D 95, CF 156: Telegram

The Ambassador in Egypt (Caffery) to the Department of State

TOP SECRET CAIRO, May 13, 1953—1 p. m.

2423. Personal for Smith from the Secretary. In discussions with both British and Egyptian officials it became clear that there are a number of points of disagreement on technical matters. Some of these are apparent by comparison of British and Egyptian text already transmitted.[1] It became clear in discussions, however, that major differences were really over following two points:

1. The British position is that British "technicians" (which also covers superintendents, administrators and the like) under direct instruction from London should remain on base as long as British equipment is stored there, i.e., perhaps indefinitely. The Egyptian position is that British personnel should remain only long enough to adequately train Egyptian replacements.
2. The manner of channeling instructions from London to British technicians so long as they remain on the base.

In discussing point 2 above with the British it became obvious that a real point of principle could be involved. The Suez base is at the present time utilized by the British to supply their forces in Cyprus, Libya and Jordan and certain local forces such as the Arab Legion. Question therefore arises as to whether the base in Egyptian hands can continue to be utilized for this area-wide function. The best solution, of course, is for a regional defense organization to provide instructions on such supply matters. In absence of such solution it would seem essential both for us and British that base can continue to serve the area and not be in that respect purely an Egyptian base.

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[1] The texts of these documents were transmitted to the Department in despatch 2367 from Cairo, May 7. (641.74/5-753)

When the member of the RCC called upon me this afternoon I put this question bluntly to them. I was surprised to have them give every assurance that they would allow the British complete freedom of action on matter of shipping supplies. They stated that they had already so informed the British and this was a matter of record. I am inclined to doubt this and believe they had only considered the matter fully late last night in view of our pointed questions of yesterday.

Believe British should meet the principle of training Egyptians and if Egyptians will agree in writing on the latter point this should go a long way to solving the present dilemma. We have attempted to meet this point in the US draft.

Another point which we have discussed extensively with the Egyptians and which is beyond the scope of the present British and Egyptian drafts is the question of a regional defense organization. The Egyptians go to great length in assuring us of their future intentions, but state that they cannot accept MEDO. While we cannot be sure of their future intentions, it is obvious that to attempt to impose a preconceived defensive arrangement upon the Egyptians will meet with complete failure. This is apparently a general attitude of the Arab States. Am convinced that past concept of MEDO not feasible under present conditions, but regardless of our views it is obvious that MEDO at present does not have a chance.

I think it well to look back at the reasons why the MEC and MEDO were proposed. In the beginning MEC was an obvious attempt to solve the Suez base problem by substituting international command for British command. This did not work. During the intervening period we have forgotten this initial reason and become enmeshed in the concept itself rather than for its original purpose, i.e., a solution to one specific base problem. While there is no doubt that we should continue to work towards an area defense arrangement, there is no point in attempting to force one of a particular type in the immediate future if it would be politically unacceptable. Furthermore, I believe we can obtain a Suez base agreement by other means if it can be done quickly. The British would not like this as the concept of trading evacuation for MEDO has become a fixation.

Egyptian thinking on defense arrangements for the area centers around building up the Arab States under the Arab League pact. They stress the theme that the US and UK already have treaty arrangements with members of the Arab League which provides the necessary Western tie-in. In addition to this they state they are ready at any time to undertake defense planning with the US and cooperate fully upon any needed infrastructure for the defense of the area as a whole. They state they are willing to contemplate similar plans with the British, but cannot make such fact public at present time. They state they also would have difficulty in agreeing at this time in writing that British could have re-entry right in event of hostilities. We gave them no reason to believe such an arrangement would be satisfactory. They finally devised a formula which specifies that in event of attack upon any Arab State, access and use of the base would not only be given to Arab partners, but to any nation allied with any of them. It is not clear whether they would agree to put this in writing.

Although there is considerable urgency in getting matter here off dead center, have declined to become middleman because of nature my trip and fact that matters raised in this cable are of such fundamental nature as to require Washington decision. Consequently US draft reported separately has not been shown in Cairo to either British or Egyptian officials. I am inclined to believe question can wait my return Washington before need for action on part of US with British and Egyptians. Full report by cable being sent so that you will have opportunity form recommendations for early action after my return and basis for action if, in your opinion, developments after my departure here indicate need for quicker action on our part.

Caffery

No. 8

Editorial Note

Telegram 248 to Secretary Dulles in Dhahran, May 18, repeated to Cairo, reported concern in the Department of State that military moves by both Egyptians and British would result in an incident which could set off a chain reaction. Telegram 2456 from Cairo, May 19, advised the Department that the likelihood of an immediate "blow-up" had been considerably diminished as a result of the Secretary's visit. Telegram 6235 from London, May 22, reported, however, that the British Foreign Office considered its warning to British subjects to leave Egypt amply justified by events. Documentation is in the Conference files, lot 59 D 95, CF 156. For further information on this topic, see Documents 947 ff.

No. 9

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Israel [1]

SECRET TEL AVIV, May 13, 1953—5 p. m.

ST D-2

Subject: Israel

Participants:

United States	*Israel*
Mr. John Foster Dulles	H. E. Moshe Sharett, Foreign Minister
Mr. Harold E. Stassen	
Mr. Francis H. Russell	

At meeting May 13, between Secretary Dulles, Mr. Stassen and Foreign Minister Sharett, latter reviewed Israel attitude toward peace with Arabs. Stressed Israel interest in peace, criticized Arab fear of Israel aggression and outlined Israel position regarding territorial adjustments, Arab refugees, compensation, Jerusalem, border incidents, economic boycott and area defense.

After introductory remarks describing peace with the Arab states as cardinal aim Israel foreign policy and characterizing problem as primarily as psychological one of accustoming Arabs to fact of Israel's existence, made following points:

Arab Fear of Israel Aggression:

Sharett claimed Israel fear of eventual convergence Arab states on Israel in attempt destroy her more justified than "Arab pretense of mortal fear of inherently aggressive nature of Zionist enterprise". Argued that Arab position "illogical" in maintaining on one hand Israel must expand because it is too small to contain its population and on other that it must give up territory as condition of peace; that such Arab fears neglect "delicacy international position Israel" which because of lines with world Jewry and economic needs is necessarily more sensitive to international public opinion than Arab world; and that country's "moderate, stable, democratic government" not likely in face world opinion engage "in military adventure with numerically superior foe that is gaining in military strength." Suggested that if Arab fears genuine, should seek protection of peace treaty which though not complete guarantee creates international obligations difficult to violate.

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[1] This conversation took place in the office of the Foreign Minister, in Tel Aviv.

Changes:

Criticized as unreal recent "loose talk" regarding territorial changes to Israel's detriment. Particularly critical Arab efforts resurrect 1947 partition resolution "after refusing accept it and attempting subvert it through war." States Israel prepared make peace only on basis existing territory (accepting armistice lines as permanent boundaries) with possible minor adjustments to straighten frontiers.

Refugees:

Described repatriation Arab refugees as "suicidal". Arguing there was no modern example of mass population dislocation resulting from "war of aggression" followed by return to *status quo ante*, and citing mass influx Jewish refugees, Sharett claimed repatriation Arab refugees "would present complex economic problem" and from security point of view "would explode Israel from within." Urged economic resettlement in Arab countries as in long run interest both Arab refugees and countries concerned.

Compensation:

Stated Israel accepts liability for compensation but added in apparent reference Israel war damage claims, that he meant compensation "fair to both sides, bearing in mind that Israel came into possession Arab lands as result war". Would prefer lump sum payment into international fund to be used in connection overall plan for refugee settlement "rather than frittered away piecemeal".

Jerusalem:

Denied Arab states had legitimate interest in problem. Saw it as question between Israel and Jordan and Israel and United Nations (latter representing spiritual interests world community). Claimed those interests now served by free access to holy place hold on new cities, but if international community "still uneasy" and desires internationalize holy places Israel would cooperate. In this connection argued transfer Foreign Ministry to Jerusalem has no bearing on problem holy places, and if anything would help protect interests world community by bringing agency of government most sensitive to international feeling into more effective contact with rest of Israeli Government. Stated that while he understood inhibitions foreign missions with regard moving to Jerusalem, Foreign Ministry separated from rest of government as suffering from "pernicious anemia" and if confronted by choice between being separated from diplomatic missions or from government "would inevitably choose former".

Border incidents and economic boycott:

Stating that if peace not possible essential that Arabs discontinue "acts if hostility", Sharett reviewed Israel position on what he called "rising curve frontier incidents degenerating into guerilla warfare", particularly on Jordan border and "intensification economic warfare" particularly Suez boycott. Regarding former, contrasted Lebanese and Syrian enforcement of curbs against infiltration with Jordan laxity and stated "if latter not brought under control, no telling how it will degenerate". Regarding economic boycott cited reported Lebanese warning to KLM to discontinue service to Israel as "violation of obligations under United Nations Charter", and danger to world community's interest in Suez of precedent permitting Egyptians regard Security Council resolution against Suez boycott, particularly if Egypt's position in Canal Zone to be strengthened. Indicated that unless there was early British-Egyptian settlement of canal problem which included elimination of blockade, Israel would again have to raise question in Security Council.

Defense:

Admitted concern with security against Arab attack in absence Arab-Israel peace, but expressed concern regarding Soviet threat to Israel, reaffirmed readiness play full part in area defense, and urged strengthening Israel's defense capacity, regardless reluctance Arab states to commit selves to defend area.

Secretary expressed appreciation Sharett's presentation, remarking that as judge might not agree with all his arguments but as lawyer admired presentation of case. At dinner same evening, in response to query from Sharett regarding areas of disagreement, Secretary replied that there appeared no basic difference in objectives, that United States and Israel seemed envisage same kind of peace, but might be differences in tactics and details, in question like refugees, in matters of timing, in question of responsibilities of various parties, et cetera.

Replying to question from Secretary regarding meaning Soviet peace offensive, Sharett expressed opinion it was tactical maneuvre, that policy began maturing in ruling clique prior Stalin's death, that it is not only designed relax external pressure on internal problems but is attempt encourage widening rifts in democratic camp. Secretary outlined United States policy explaining that curtailment military expenditure did not mean United States thought peril less but was attempt to build for long haul on realistic basis that would enable United States sustain military strength without threat of economic exhaustion.

No. 10

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the First Secretary of Embassy in Israel (Jones) [1]

SECRET TEL AVIV, May 13, 1953.

Subject: Economic Problems of Israel

Present: Mr. Stassen, Mr. Eshkol, Mr. McDaniel, Messrs. Matteson, Kollek, Avriel and Jones.

This meeting consisted largely of observations by Mr. Eshkol, some remarks by Mr. Kollek and several questions and a few final observations by Mr. Stassen.

After a long account of Israel's development program, and a brief account of the internal budgetary situation and of the Government's efforts to attain internal stability, Mr. Eshkol stated that the major problem now facing Israel was that of "debts". It was stated that the present external debt was approximately $387 million dollars, that approximately $100 million matures within one year and that the management of this debt takes an inordinate amount of time of key Ministry of Finance officials.

By way of background Mr. Kollek explained that the present debt situation grew out of Israel's rate of immigration, the Arab Economic Boycott, efforts on the part of the people of Israel to do too much in too short a time and their general inexperience. Mr. Kollek also stated that the effects of peace in the area and in lifting of the Arab Economic Boycott were very difficult to evaluate. He estimated however, that annual savings to Israel in foreign exchange of from $30 to $60 million might eventuate if a regional political settlement were made.

Mr. Stassen expressed a sympathetic interest in Israel's problems. He emphasized that US aid programs were governed by US foreign policy relationships with and by the economic policies of the recipient governments. He went on to say that for budgetary and other reasons the US Government was screening its foreign aid programs carefully this year and consequently was very much interested in the efforts recipient countries were making toward attaining economic stability and self-sufficiency. He concluded by saying that the Secretary and himself would be glad to give considerations to Israel's problems.

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[1] This memorandum of conversation was sent to the Department as enclosure 1 to despatch 1194 from Tel Aviv. The conversation took place at the residence of the Foreign Minister.

No. 11

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the First Secretary of Embassy in Israel (Jones) [1]

SECRET TEL AVIV, May 14, 1953.

Subject: Economic Problems of Israel

Present: The Secretary, Mr. Stassen, Mr. Sharett and Messrs. Eshkol, Bernstein, Horowitz, Kollek, Avriel, Ben Dor, Sherman, MacArthur, Matteson, Russell, McDaniel, Evans, Street and Jones.

The meeting was opened with a brief outline of the economic policies and problems of Israel by Messrs. Eshkol, Bernstein and Horowitz. They all agreed that the most urgent of the problems was that of the external short term debt. Total external indebtedness was said to be approximately $380 million of which approximately $100 million would be maturing within the next 12 months. It was pointed out that a refunding operation, in the magnitude of the next 12 months maturities, would represent only about 1/3 of Israel's total imports at the present time. It was also pointed out that Israel's present short term borrowing was exceedingly expensive and that by refunding the short term debt and by discontinuing this short term borrowing, from $15 to $20 million would be saved annually in procurement. It was asserted that this saving would be enough to pay for the interest and amortization of such a refunding loan. The hope was also expressed that, if the United States were to assist Israel in such a refunding loan, it be done by some means other than through the U.S. Export-Import Bank. It was feared that the use of this agency for refunding purposes might preclude obtaining a further loan from this source at a later date for development purposes.

Mr. Stassen, in speaking on behalf of the Secretary and himself, first stated that the U.S. fiscal year 1954 budget had not yet been passed by Congress and that, consequently, neither the Secretary nor himself was in a position to speak in concrete terms with respect to economic assistance to Israel during the coming year. Mr.

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[1] This memorandum of conversation was sent to the Department as enclosure 2 to despatch 1194 from Tel Aviv. The conversation took place at the office of the Foreign Minister.

Stassen then went on to explain that economic assistance provided through the Mutual Security Assistance is coordinated in the closest manner with the Foreign Policy of the United States as formulated by the Secretary of State. He also emphasized that the United States Government now had world wide responsibilities and that its world wide commitments were now being reevaluated in terms of the United States' own economic capabilities. He then said that this Israel request for a refunding loan would be studied in terms of Israel's own program for achieving economic stability here and for using effectively the German reparations goods about to be received. Generally speaking, he said, an approach to the refunding problem by means of refinancing through existing holders of the short term debt would be preferred by the Government of the United States. In that connection, he asked for full details on the composition of the debt and of Israel's future plans with respect to its balance of payments goals and its efforts to achieve greater economic stability.

At this point, Mr. Sharett reviewed briefly the efforts made by himself and by other members of his Government to obtain a refunding loan over the past year. He also expressed the hope that Israel's rumored share of this year's United States economic foreign aid program would not be reduced. Mr. Stassen emphatically stated, in connection with the latter point, that until Congress had acted on the fiscal year 1954 budget, any estimate of Israel's share thereof had no validity whatsoever.

In the course of the discussion, an analogy had been drawn between the proposed Israeli refunding operation and the recent United States Export-Import Bank loan to Brazil for similar purposes. Both the Secretary and Mr. Stassen explained that there were significant differences between the Brazilian operation and the proposed Israeli operation. It was pointed out, first of all, that the Brazilian was made largely because of commitments that had been previously made by the preceeding administration. And secondly, that United States trade with Brazil differed in important respects from that with Israel in that imports from Brazil were relatively large. Both the Secretary and Mr. Stassen went on to say that the present administration would have preferred to have handled the Brazilian problem, as it will prefer to see the Israeli problem handled, by refinancing of the short term debt through the present holders of that debt or to private financial institutions.

Mr. Sharett concluded the meeting by making the following points:

a. In helping Israel the United States would be helping a country that will help itself.

b. The United States could be assured that any funds allocated to Israel would be used for the purposes for which they were intended. There would be no misappropriations or diversions.

c. The United States could also be assured that allocations to Israel would be used on projects and administered in such a manner that they would maximize the possibilities of Israel's eventually obtaining economic independence.

d. Economic assistance to Israel would differ generally from that provided to other countries by the United States. In Israel, it would be used for the development of a new economy. Elsewhere, it would be more generally used, Mr. Sharett asserted, for the purposes of rehabilitating old and badly dislocated economies.

No. 12

Editorial Note

Telegram 1633 from Tel Aviv, April 22, had asked Department of State guidance on several points, the most important of which was whether the Secretary of State should make any calls in Jerusalem. The Embassy had planned to concentrate most of his activities in Tel Aviv, but suggested the Israeli Prime Minister might feel he could not attend dinner or dicussions in Tel Aviv if it appeared the Secretary was deliberately avoiding any meeting in Jerusalem. The Department of State's answer, in telegram 950, April 25, was that "arrangements for call or other contacts Prime Minister should be made without reference Jerusalem issue as we reserve our position in this instance." Telegram 964 to Tel Aviv, April 29, advised the Embassy that the Secretary had been invited to have lunch with the Prime Minister in Jerusalem, and stated the Embassy could accept that and other appropriate Jerusalem engagements.

A tentative itinerary prepared by the Embassy for the Secretary's visit listed several events in Tel Aviv on the day of his arrival, May 13. The following day's itinerary called for an 8:30 a. m. departure for Jerusalem, where the Secretary was to meet with the Prime Minister in the morning, and have lunch with him at noon. In the afternoon, following a call on the President of Israel, the Secretary was to make a departing statement from the President's home and cross the Mandelbaum Gate for a visit to Jordanian Jerusalem. (Telegram 1694 from Tel Aviv, May 3)

Telegram 1987 from Beirut, May 9, advised the Department of State the Prime Minister of Lebanon had warned the Ambassador that if the Secretary lunched with the Prime Minister of Israel in Jerusalem it would cause consternation in the Arab world, "which would regard it as American recognition that Jerusalem is capital of Israel in defiance of UN resolution." The Ambassador in Lebanon felt "constrained in view seriousness this situation (if true) express strong agreement with Salaam's estimate. Arab world, lifted up and encouraged by what they regard as 'new look' in American NE policy, would be so hurt and emotionally upset by such a move that great opportunity which we now possess would be prejudiced and Secretary placed on defensive during his visit." Telegram 689 from Damascus, May 12, advised the Department that several high-ranking Syrian officials insisted Israel would use Dulles' visit to buttress their claim that Jerusalem was the capital of Israel.

Telegram 954 from Amman, May 11, advised the Department that the Secretary's plans to attend a luncheon in Israeli-held Jerusalem as a guest of Ben Gurion would be viewed as American recognition of Jerusalem as the capital of Israel. Telegram 2415 from Cairo, May 12, reported the Secretary was concerned over the effect his meetings in Jerusalem were having on the Arabs. He considered it too late to shift the meetings to Tel Aviv but asked the Embassy in Tel Aviv to advance the time of the events scheduled in Jerusalem so that he could cross the Mandelbaum Gate at about 3 p. m. and spend at least an hour in Arab Jerusalem. Documentation is in Department of State file 110.11 DU.

No. 13

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Israel [1]

SECRET

ST D–2/1

TEL AVIV, May 14, 1953—11 a. m.

Subject: Israel

Participants:

United States	*Israel*
Mr. John Foster Dulles	H. E. David Ben Gurion, Prime Minister
Mr. Harold E. Stassen	
Mr. Francis H. Russell	

Prime Minister Ben Gurion expressed hope that the Secretary's mission, including objective of winning Arab friendship, would prove success, and commented as follows on Soviet threat, Israel's potential role in Middle East defense, United States role in Middle East and Israel-Arab relations.

Soviet threat: The Prime Minister agreed with Foreign Minister Sharett in meaning Soviet peace offensive, saying no change in fundamental Soviet objective of world domination, and peace overtures merely tactics to divide and weaken free world. Stated war could be avoided through strength and unity free world and stressed need for "spiritual and military preparedness".

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[1] This conversation took place in the office of the Prime Minister, in Jerusalem.

Israel's role in Middle East defense: The Prime Minister stated Israel historically, culturally and spiritually part of free world; was only country in area besides Turkey willing and able to fight for freedom and determined defend its democratic way of life regardless prospects of victory. In this connection contrasted "faith and determination" displayed by Israelis in fight for independence with failure Egyptians resist invasion in two world wars. Also claimed Israel only country in area besides Turkey with effective military potential based on scientific intelligence, skilled population, modern industry and well trained army. Recalled that during last war had supplied allied armies and suggested that an independent state with developed military industry could now make greater contribution. Argued that Israel, aside from Egypt was only country linking Mediterranean with Indian Ocean. Suggested in this connection that road from Haifa to Elath important not only to Israel but to free world as substitute for Suez. Deploring lost opportunity last two years urged some kind of arrangement ("form not important") whereby Israel would not fight alone and immediate steps strengthen Israel military and industrial potential.

United States role in Middle East: Argued that in "Arab Middle East" which is product of long history and where despite surface appearances fundamental changes slow, essential United States have constructive long-range policy to match long-range Soviet policy. Asserted that recent revolutions, changes of leadership promised reforms ("which are more difficult implement than inflaming people against Israel") had left areas historical problems of poverty, ignorance, disease rates, etc. untouched and as result Arab regimes continue shaky. Described root of difficulty as mass misery. To destroy present vacuum in Middle East improvement in conditions mass of population needed. Jet planes and arms, he stated, would not do it. (Argued that Arabs "as they are now" will not use arms against USSR but against Israel). What Arab countries need, he urged, was economic development, education, health. Expressed hope United States would play historic role by embarking on long-range program to raise living standards of Arabs and by encouraging "liberal element in Arab countries who understand that problem is poverty and ignorance". Added he knew United States could not dictate to Arabs, that his suggested solution difficult, would take time, require patience and a constant goodwill.

Israel-Arab relations: Stating Arabs still desire "multilate" Israel by returning to 1947 partition resolution, reviewed Israel fight for independence after Arabs refused accept partition, human and monetary cost of fight, Arab exodus "as part of plan evacuate Arab population for all-out fight against Jews". Cited changes in Israel since fighting and asserted "what was done cannot now be undone". Arabs, he felt, have land area 36 times Israel, have water and oil. Hence do not need additional territory (and in apparent reference to Negev) "or additional deserts", which he suggested "are best left to Israel with whom won't remain desert". Claimed that if area problem only between Israel and Arab states would not be serious. But how tension anywhere will end these days difficult foresee. Stated that despite Armistice Agreement hundreds killed on Jordan and Egyptian borders, economic hostilities (such as Suez blockade) continued. Expressed fear area tension not merely local affair, but like Korea Middle East might become ground new international outbreak. Minimum required in interests world peace in cessation all hostile acts—military, political, economic and psychological. Israel, Prime Minister stated, will make contribution resettlement Arab refugees in Arab states, and is prepared for economic, cultural and even military cooperation with Arab states if Secretary finds Arab desire for positive cooperation. If Arabs not prepared for formal peace agreements, hoped United States could be helpful in obtaining cessation hostile acts in area, possibly through extending scope of present armistice agreements.

In reply to Prime Minister, Secretary stated he had come to listen and learn, was familiar with Israel's history and present creative activity, admired both and felt they created feeling of common debt in which was more binding than formal treaty of alliance. Agreeing Soviet peace overtures merely tactic, which could hardly be otherwise in view Soviet ideology and belief that harmony only possible in wholly Communist world, Secretary urged need to be on guard, particularly against danger permitting Soviet tactics divide free world. While United States believes in testing willingness USSR make concessions and is prepared workout accommodation with Soviet Union, does not believe few kind words change Communist doctrine. Citing absence assurances of armistice in Korea, attack on Indochina, indications from disposition Soviet Forces of potential buildup in East Germany, Secretary stressed that situation still dangerous and confronts free world with problem matching Soviets strength without losing essential freedoms. In this connection, underscored that nothing United States is doing should be interpreted as reflecting United States belief Soviet threat less dangerous. United States carrying forward planning started last December prior Stalin's death. Basic objective that planning, Secretary pointed out, misuse of United States productivity to sustain military strength over long period without weakening economy. Decisions taken at NATO were consistent with that objective: In order eliminate possibility economic collapse, costs reduced by concentrating on buildup of quality rather than quantity.

Regarding the Prime Minister's opening remarks, Secretary stated he was impressed with good wishes for success of mission in winning friendship of Arabs and wished to comment frankly. Expressed conviction that without goodwill and confidence of Arabs United States would not be able to play useful role in area. Explained that Arabs feel Roosevelt and Truman administration so subject to Jewish influence that Arab viewpoint ignored. Decisions often taken under pressure United States Jewish groups which felt they had right exercise influence because of contributions to election victory. New administration, Secretary pointed out, was elected by overwhelming vote of American people as whole and neither owes that type of political debt to any segment nor believes in building power by cultivating particular segments of populations.

Called attention to belief President Eisenhower that while United States policy must continue support for Israel as great creative achievement which has evoked sympathy of American people, must also make Arabs realize United States concern for them. States his belief Prime Minister would agree best interests Israel would be served by healthier, friendlier United States-Arab relations. One of major obstacles to improving environment United States-Arab relations, Secretary indicated, was group in United States which feels anything done for Arabs is necessarily contrary Israel interests. Because of activities this group and of pro-Arab group there is strong feeling that United States policy must either be pro-Israel or pro-Arab and cannot be both. Referring to Foreign Minister Sharett's remarks previous day on kind of peace Israel sought, Secretary stated that while there might be disagreement on tactics and details there appear to be no fundamental differences; United States sympathetic and would like to see Israel obtain substantially kind of peace it sought. But suggested would be futile in view fanatical emotionalism of Arabs for United States to support such peace merely as advocate of Israel. Arabs feel that new administration is opportunity improve relations with United States and one of purposes of trip is to indicate United States interest in them. Ability accomplish this purpose may depend on understanding of United States Jews, Secretary stated, and suggested that Prime Minister might be able to help United States to help Israel in this regard.

Summing up United States approach Secretary indicated United States not trying set right all wrongs of world, did not desire interfere where not wanted and where cannot be helpful. But United States had influence, was concerned with peace in world, with conflicts in non-Communist world which could weaken free world in face Communist threat, and would like to see breaches healed. Urging confidence in friendly attitude United States and reaffirming United States sympathy for Israel, Secretary indicated that "if United States efforts to be of assistance in area are considered unfriendly to Israel, if they are misunderstood by United States Jews, if they lead to internal difficulties in United States," then United States "would have to permit events in area to take their course". Prime Minister closed by saying that if Secretary accomplished his mission with Arabs, he (Prime Minister) would see what he could do about problem raised by Secretary.

In conversation with Sharett at dinner previous evening, Secretary expressed hope Foreign Ministry would not be moved while Secretary on trip designed improve climate in area. Sharett said it would not. Secretary added he would, of course, have to reserve United States' position on Jerusalem for some time subsequent.

No. 14

Conference files, lot 59 D 95, CF 156: Telegram

The Consul General in Jerusalem (Tyler) to the Department of State

RESTRICTED JERUSALEM, May 15, 1953—4 p. m.

157. As far as Consulate General knows administratively all went well visit Secretary and party in Israel-Jerusalem (Tel Aviv has details). Party left on schedule under heavy police escort and those persons along route Consulate General to Mandelbaum Gate clapped as Secretary drove past. Israel security escort stopped Israel side Mandelbaum Gate and party proceeded without stopping past UN observers in no-mans-land to Jordan side. Met there by Undersecretary Foreign Affairs, Governor Jordan-Jerusalem, protocol officer and Chief of Police, AL Arab Legion escort. Proceeded to Consulate General Arab side where party met about 45 notables including heads of Greek Orthodox, Armenian and Roman Catholic Patriarchates and Anglican Bishop, to whom Secretary expressed his pleasure at being in Jerusalem for first time and stated that he had always thought of Jerusalem in a religious and not political sense. Then Aref-El Aref, former Mayor of Jerusalem, fired for making a tactless remark against King Talal, addressed Secretary summarizing usual complaints (Jordan press full of editorials and open letters past few days repeating these), requesting return of refugees and enforcement of 1947 partition and blaming US for continued support Israel, especially policies of President Truman.

Two Arab friends of his at my request, tried to stop him (Secretary replied that while Americans may have differences of opinion at home they do not do so abroad and he would never associate himself with criticism of former President).

Substance of above in Jordan and Israel press this morning. Jordan press noted he spent only 20 minutes in Jordan-Jerusalem and did not stop to see any refugee camps.

Comment: While Aref-El Aref's remarks not in good taste, fact that he felt impelled to make them to Secretary indication of how deeply felt those sentiments are among Palestine Arabs. Latter have expressed their pleasure that they were made and their satisfaction over embarrassment to certain Jordan officials, such as Undersecretary Foreign Affairs, who were there.

TYLER

No. 15

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Jordan [1]

CONFIDENTIAL AMMAN, May 15, 1953—9 a. m.

ST D-3

Subject: Jordan

Participants:

United States	*Jordan*
Mr. John Foster Dulles	H. E. Fawsi Mulqui, Prime Minister
Mr. Joseph C. Green	

The Prime Minister spent most of this time in making a statement. His statement dealt principally with three subjects: Possible peace with Israel, conditions on the border between Jordan and Israel, and the Yarmuk Project. [2]

In regard to a possible peace, the Prime Minister dealt at length with the necessity, as he saw it, for beginning with recognition by both sides of all of the United Nations Resolutions in regard to Palestine from 1947 to date. These Resolutions, he said, were the only foundation for peace. His statement on this matter differed, however, from that made to the Ambassador by the Minister of Foreign Affairs on May 13. The Minister of Foreign Affairs had insisted upon "implementation" of the Resolutions. The Prime Minister spoke of the Resolutions as "the basis for negotiations". It was clear that moderate influences had within the last twenty-four hours, affected his thinking on this subject.

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[1] This conversation took place in the office of the Prime Minister.

[2] For documentation on the Yarmuk project, see Documents 947 ff.

The Secretary remarked that he did not believe that the United Nations Resolutions of 1947 were a realistic basis for peace at the present time.

The Prime Minister set forth at some length his belief that the settlement of the refugee problem could not be divorced from the political problem of peace with Israel. He insisted that cessions of territory now held by Israel would be necessary in order to make possible a solution of the economic problem presented by the mass of indigent refugees.

The Prime Minister in speaking of the situation on the border, stressed the point that the unwillingness of the Israelis to enter into Local Commanders Agreements and their armed attacks on the Jordanians made in reprisal for infiltration kept the people of Jordan in such a state of agitation as to make difficult the conclusion of any peace with Israel.

The Secretary said that the Israeli Foreign Minister had spoken to him with great concern of the marauding of Jordanian infiltrators in Israel. The Secretary said that he believed that joint measures, such as a joint patrol of the Armistice Lines, would tend to alleviate the conditions of which both sides complained.

The Prime Minister said that at a meeting of the Cabinet yesterday he and all the other members had been astonished and deeply disappointed at a report from the Jordanian Embassy in Washington to the effect that the Department proposed to delay action on the Yarmuk Project until some agreement in regard to riparian rights could be reached with Israel. He denied any Israeli right in Yarmuk waters.

The Secretary said that he was not fully familiar with this matter and suggested that the Prime Minister discuss it with Mr. Stassen.

In his discussion of the Yarmuk Project, the Prime Minister showed his ignorance of Point IV operations in Jordan. He even went so far as to express the idea that Point IV had been very slow in accomplishing anything in the Kingdom.

The American Ambassador endeavored to correct the Prime Minister's false impression in regard to the work already undertaken and accomplished by Point IV.

The Secretary expressed apprehension lest the tension between the British and the Egyptians result in general Arab hostility to Britain and thus complicate the political situation in this part of the world.

The Prime Minister said that as far as Jordan was concerned hostility to Britain was hardly conceivable as the two countries were allied on a basis of mutual interest and understanding.

No. 16

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Jordan [1]

CONFIDENTIAL AMMAN, May 15, 1953—9:30 a. m.

ST D-3/1

Subject: Jordan

Participants:

United States	*Jordan*
Mr. Harold E. Stassen Mr. Douglas MacArthur Mr. Henry A. Byroade Mr. M. E. Mattison Mr. Andrew G. Lynch Mr. Tracy R. Welling	H. E. Fawzi Mulqi, Prime Minister and Minister of Defense

Mr. Stassen called on the Prime Minister, who also holds the Defense Portfolio, accompanied by Mr. MacArthur, Mr. Byroade, Mr. Mattison, Mr. Welling and Mr. Lynch. Mr. Stassen was welcomed effusively by the Prime Minister who stated rather airily that there were no outstanding political or economic problems in the way of Jordanian-American friendship. He emphasized that his Cabinet was young and dynamic and that five of its members were graduates of the American University in Beirut. He added that Jordan wanted all the economic help it could get from the United States as it was a poor country struggling for its existence. Point IV was useful and much appreciated.

Mr. Stassen then said that it seemed to him there were some very serious political problems which demanded solution before Jordan could be healthy economically. The Prime Minister said that he had pretty well covered the political field with the Secretary in his forty-minute conversation with him. Mr. Stassen replied that he was primarily interested in the economic side. The Prime Minister then emphasized the plight of the refugees and brought in strongly the need for the implementation of the Yarmuk Project. He had heard from several sources, he said, that there were difficulties in the United States in the carrying out of the project. He and his Government felt deeply the necessity for the Yarmuk. Point IV had up to the present been helpful, as had been certain small Wadi projects which the Government had in hand and he mentioned the Zerka irrigation scheme inaugurated by the King on May 13. These, however, were minor projects which had little effect on the general picture. What was required, he said, was a major undertaking that would settle large numbers of the unfortunate refugees and his feeling was that the Yarmuk Project was the answer. He added that immediate financial assistance to Jordan was essential. If it did not come now its effectiveness would be lost as the economy of the whole country was suffering from the presence of the refugees. Economic aid should, in his opinion, benefit the whole community, not a single class such as refugees alone.

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[1] This conversation took place in the office of the Prime Minister.

Mr. Stassen then pointed out to the Prime Minister that, bad as the plight of the refugees was, there were persons living under Soviet domination whose case was far worse. He felt that this should be realized. It was Mr. Stassen's opinion also that there should be peace in the area at the earliest possible moment. Aid could be more easily given and more profitably used in an atmosphere where peace prevailed.

The Prime Minister took some exception to this view. Throughout the talk he emphasized the importance of keeping economic aid, whether Point IV aid or otherwise, entirely separate from the political situation. There was a tendency, he said, to feel that the United States made economic aid march with political acquiescence. People resented this. The implication was clear—although the reporting officer does not recollect that this statement was made—that if American economic aid was to be made contingent upon peace with Israel, Jordan wanted no part of it.

The Prime Minister then turned to UNRWA. In his view, Mr. Blandford's conception of UNRWA was the wrong one. He knew, he said, that 70% of the money of UNRWA was American money and from his point of view UNRWA was, therefore, an American organization. Its present terms of reference were altogether too limiting. It was not enough to keep the unhappy refugees at a bare subsistence level. Something must be done for them which would give them lands to till and enable them to make decent livings. Again, to him the Yarmuk scheme was a major answer to the problem.

Mr. Byroade interjected a remark to the effect that he felt that there was some misunderstanding on the part of the Prime Minister with regard to the Yarmuk. There was, he said, no idea in the United States of rejecting the scheme but rather a need to examine all aspects of it with great care. Mr. Stassen said that while it could not be said that UNRWA was an American organization, it was correct to say that the Yarmuk was an American project. Mr. Byroade added that the project had not as yet received the complete approval of the United States Government but on the other hand it was entirely wrong to assume that the plan had been rejected. It was necessary, Mr. Byroade said, to consider the plan in relation to the whole area and the economic development of the whole area. The Prime Minister then stated that he could not understand the preoccupation with Israeli interests in the waters of the Yarmuk. The Yarmuk was a river in which two countries had primary interest—Jordan and Syria. It was not an Israeli river. The Jordan River, however, was of interest to both Jordan and Israel and what Israel did to the upper waters of the Jordan was of intense interest to this country. The discussion became somewhat general at this point on the question of the possibility of Israeli diversion of upper Jordan waters causing Lake Tiberius to become a salt sea.

Mr. Stassen then told the Prime Minister of the American philosophy toward economic aid to other countries. He explained that the United States felt it to be in its own best interests to help other countries become economically healthy. We had found, he said, that when our neighboring countries were in economic difficulties there were inevitabily repercussions on the American economy. We firmly believed that by helping other countries we were also doing a good turn to ourselves. He pointed out the difference between this approach to the problem and the Soviet approach. The Soviets went into other countries with the view to taking things away from these countries which would benefit Soviet Russia. The Soviets deprived other countries of a healthy economic existence in order to benefit the Soviet Union. We, too, wished to benefit ourselves but believed that the best way of doing it was by benefiting the other person.

The time period for the interview having come to an end, Mr. Stassen and his group took their leave.

No. 17

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Jordan [1]

CONFIDENTIAL — AMMAN, May 15, 1953—9 a. m.

ST D–3/2

Subject: Jordan

Participants:

United States	*Jordan*
Mr. Harold E. Stassen	Dr. Hussein Khalidy, Foreign Minister
Mr. Douglas MacArthur	
Mr. Henry A. Byroade	
Mr. M. E. Mattison	
Mr. Andrew G. Lynch	
Mr. Tracy R. Welling	

After the usual exchange of compliments Mr. Stassen explained to the Foreign Minister that the primary purpose of the Secretary's visit, and his visit was, insofar as possible in the short time at their disposal, to learn of the problems of the countries they were passing through. The Foreign Minister, Dr. Hussein Khalidy, then embarked on a résumé of the political situation as between Jordan, the Arab states and Israel. He went back, with apologies, to 1920 and he explained how over the years the Arabs of Palestine had seen their doom approaching. They had known quite well the fate in store for them and had repeatedly warned the Mandatory power that Jewry was determined to establish a national State in Palestine. Their fears had been repeatedly ridiculed. They had had figures thrown at them which were designed to show that the immigration of Jews into Palestine was more than taken care of by the natural increase in the Arab population. There had been numerous commissions of investigation and innumerable reports, all recommending against the establishment of a State of Israel.

Now we could all see what had happened. He did not wish, he said, to dwell upon things of the past, but some appreciation of what had happened to the Palestinian Arabs was essential to any understanding of the problem today. He emphasized that he was a refugee from what is now Israel. He had lost a home in Jaffa and a home in Jerusalem. When he was in office he lived on his salary. When he was out of office he lived on the charity of his relations. Jordan, the Minister said, wished to be on friendly terms with all neighboring states. Jordan was not a member of the United Nations but Jordan wished to see United Nations a strong organization whose just dictates would be carried out. Jordan was on friendly terms with the United States and Great Britain and had a special relationship to the latter. It intended to recognize its obligations to Great Britain. It was also a member of the Arab League and its interests were becoming increasingly identified with those of the States members of the League.

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[1] This conversation took place in the office of the Foreign Minister.

While Jordan was anxious for peace, there were numerous and real injustices which had been perpetrated upon the Arabs in the past and until steps were taken to right those wrongs he did not see how peace between Israel and the Arabs was possible. He then said that there was no use in discussing the Arab attitude in the past—the fact, for instance, that the Arabs of Palestine had opposed the partition scheme of 1937, or the partition scheme of 1947. They had their reasons at the time. He did not wish to be intransigent nor did his Government, nor to take any stand which would preclude peace. He felt, however, that Jordan must stand with the other States of the League and must demand the implementation of United Nations resolutions on Palestine, with particular reference to the 1947 resolution.

Dr. Khalidy said he thought Mr. Stassen should know the communist situation throughout the country. Jordan was against communism. Jordan put people into jail for being Communists. He, Khalidy, and people like him hated communism. In Israel, on the other hand, you had a strong legally recognized Communist Party.

Arabs of all classes, however, were losing faith in the United States and Great Britain in spite of the ties created by such institutions as the American University of Beirut. Persons spoiling in the refugee camps were receptive to anything which promised change. They had lost all hope and were desperate. These unfortunate people would welcome a devastating war and, according to Dr. Khalidy, would not care if 400,000,000 persons were killed by atom bombs. He stressed the urgency of doing something for the refugees now.

Mr. Stassen thanked Dr. Khalidy for his frank and interesting exposition of his views. He explained again that the Secretary and he were fact-finding and that they planned, upon return to the United States, to weigh carefully all the evidence they had gathered in order to produce an enlightened American policy for this area of the world. The important thing was not to look to the injustices of the past, but to try to find a way to move forward constructively at present.

Mr. Byroade then said that, with permission, he should like to ask the Minister a question. He wished to take advantage of the moment, he said, to find out something which had been on his mind for some time. He then asked Dr. Khalidy as a refugee how he explained the fact that according to his, Bryoade's, information there seemed to be divergent views among the refugees themselves with regard to the solution of the refugee problem. Dr. Khalidy replied that he felt that he could easily answer the question. There were two classes of refugees—the well-to-do landowners and the poor *fellahin* and townspeople. The former were represented by such persons as his good friend and colleague in medicine, Dr. Tannous, now of Beirut. It was natural, therefore, that there should exist divergent views on the subject.

Conversation then came to an end as the Secretary's visit with the Prime Minister had terminated and the Foreign Minister was awaiting the Secretary's arrival.

No. 18

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Jordan [1]

CONFIDENTIAL AMMAN, May 15, 1953—9:30 a. m.

ST D-3/3

Subject: Jordan

Participants:

United States	*Jordan*
Mr. John Foster Dulles	Dr. Hussein Khalidy, Minister of Foreign Affairs
Mr. Joseph C. Green	
Mr. Talcott W. Seelye	

After an exchange of greetings, the Foreign Minister asked the Secretary if he wished to ask any questions or make any statement.

The Secretary began with a review of the situation in Egypt in which he expressed his Government's concern for an immediate settlement of the problems existing between Egypt and Great Britain. He stated that the U.S. sympathizes with Egypt's aspirations but feels that Egypt should appreciate the tremendous investment Great Britain has made in its Suez bases and should try to understand the meaning of the loss of these bases to Great Britain. He said that the problem is not just one between Egypt and Great Britain but, since it concerns the vital artery of the Suez, it is a matter of world importance with broad ramifications. Among many factors involved in this issue, he said, is the age-old balance of power.

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[1] This meeting took place in the office of the Foreign Minister.

The Secretary continued by suggesting that, since Jordan maintains such close ties with both Great Britain and Egypt, it might well use its good offices to help effect a reasonable and satisfactory settlement. He said that it was after all to Jordan's interests that a reasonable solution be found, for Jordan must certainly be concerned—as is the U.S.—with stability in the area. Stability, however, could not be assured, stated the Secretary, if Egypt acted in an intransigent manner in the search for a solution.

The Secretary took up the question of relations between Israel and the Arab states. He asserted that Israel was adversely affected by the economic blockade imposed on her by the Arab states, particularly through loss of oil revenues. For this reason he felt it was to Israel's interest to make peace. The Secretary stressed the fact that the U.S. as yet has no ready formula for peace but that he hoped upon his return to the U.S. he would be able to convey to the President some ideas based on his Near Eastern trip. He said that a peace based on the UN Resolutions of 1947 was impractical and impossible of achievement and that he hoped the Arab states would agree to a settlement on more moderate terms. He anticipated that these terms would include, *inter alia*, some sort of boundary rectification and a determination of the status of Jerusalem.

The Secretary emphasized that he hoped the Foreign Minister would not misconstrue the Secretary's visit with the Israeli Prime Minister in Jerusalem to mean a change in U.S. policy concerning the status of Jerusalem. The U.S. continues to advocate some kind of international status for the city, he said, and his meeting with the Israeli Prime Minister in Israeli-held Jerusalem had no political significance whatsoever. He added that he had again strongly urged the Prime Minister to keep the Israeli Foreign Office in Tel Aviv and not to move it to Jerusalem.

The Secretary went on to state that he was naturally disturbed by the border troubles existing between Israel and Jordan. He mentioned that the Prime Minister had earlier expressed to him his great concern with the border situation and that the day before the Israeli Foreign Minister had done the same. He said he thought concerted measures should be adopted by both sides to eliminate border friction. The Secretary indicated that the establishment of joint roving patrols might possibly be of some help in the matter.

The Secretary then discussed briefly the U.S. position in world affairs, pointing out that prodigious internal expansion had thrust the U.S. into a position of world leadership. He contrasted the U.S. economic policy in Europe with that of the Soviet Union. An example of the difference, he said, is the Soviet Union's technique of draining its satellites of raw materials and making them economically dependent upon the USSR, compared with the U.S. policy of making Europe independent of U.S. economic support. The Secretary said that, although the U.S. has had a policy for such areas as Europe and Latin America, its lack of a policy for the Near East has been conspicuous. He stated that the U.S. Government is now in the process of correcting this situation. After all, he pointed out, the Arab-speaking states have a large population and command an impressive stretch of territory from the Atlantic side of North Africa far eastwards. Thus it behooves the U.S. to adopt a firm and constructive policy with respect to this area.

The Secretary closed by saying that in his earlier talk with the Prime Minister the latter had done all the talking and he the listening. Now he had reversed the process and what he had said to the Foreign Minister was, in a sense, a reply to the Prime Minister. He said he hoped, therefore, that the Foreign Minister would convey to the Prime Minister the essence of what he had said to him.

The Foreign Minister then thanked the Secretary for his remarks and stated that he, for his part, had done his talking to Mr. Stassen. He hoped that Mr. Stassen would convey to the Secretary the substance of his remarks because they were a summary statement of what he would have said to the Secretary had there been time.

No. 19

Editorial Note

On the morning of May 15, three other meetings were held between members of the Secretary of State's party and officials of the Government of Jordan. At 10 a. m., MacArthur, Byroade, and Lynch called on the Minister of Finance, Suleiman Sukkar, for a discussion of economic and political problems. At 10:05 Stassen, Mattison, and Welling met with the Minister of Economy and Reconstruction, H. E. Anwar Khatib, his Under Secretary, and two other members of his office staff. They discussed Jordan's need for economic and technical aid, and left before 10:30 so that Stassen could join Dulles in a meeting with refugee leaders. At 10:30 MacArthur, Byroade, and Lynch met with the Minister of Education, Ahmad Tuqan. Tuqan had spent eight months as the senior Jordanian representative on the Mixed Armistice Commision, and gave the Americans his views on the Jordanian-Israeli border situation.

Memoranda of these conversations are in the Conference files, lot 59 D 95, CF 156.

No. 20

Conference files, lot 59 D 95, CF 156

Notes on Conference Between the Secretary of State and Delegation of Refugee Leaders, Edited by the Attaché in Jordan (Cassin)[1]

CONFIDENTIAL AMMAN, May 15, 1953.

ST D-3/7

Subject: Jordan

Principal Participants:

United States	*Jordan*
Mr. John Foster Dulles	Delegation of Refugee Leaders
Mr. Harold E. Stassen	

Prior to beginning of conference photographs were taken of the Secretary and the American Ambassador.

Refugee Leaders were then introduced to the Secretary by Mr. Vernon Cassin.

Introduction by Mr. Dulles:

"I am very happy to have this opportunity to meet briefly with you gentlemen. The plight of the refugees whom you represent is certainly one of the most tragic problems there is in the world today. The task of finding a solution is a task which should challenge the united intelligence and wisdom and statesmanship of the peoples of the world. I do not come here with any solution of this problem, or of any problem for that matter. I come here as I have repeatedly said to evidence the increasing Christian concern which. . . ."[2]

Interrupted by arrival of Mr. Stassen introduced by Mr. Cassin. . . .

"I repeat that we come here not with a solution of the problem but to show evidence by our presence here of the increased concern which our Government shares in this area of the world and as evidence of the increased determination that our Government has to be helpful in any way that is welcome in attempting to exchange courtesies and develop better spirit of cooperation and goodwill. We are here to listen and to learn, and of the things we want to learn none are more important than the problems of those who represent

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[1] This conversation took place at the American Embassy in Jordan.

[2] Ellipses throughout this document are in the source text.

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the tragic element of humanity now known as the Arab refugees. We shall be very pleased to hear whatever your representatives have to say on their behalf."

First representative, Dr. Izzat Tannous:

"Mr. Secretary, we wish to thank you on the behalf of the refugees for coming here and we wish to welcome you to this country. It is indeed heartening to the refugees to see that the Secretary of State of the United States of America should come to this country to see with his own eyes what has taken place in this country and to see the drastic difficulties and plight of the refugees. . ."

Interruption by the Secretary:

"We were able to see as we drove past the refugee camps some of the refugees and the conditions they live in. . ."

Dr. Tannous continues:

"As I say, we have often asked in the United Nations for members to come and see, because when they see things too, they will appreciate the harm that has been done. It just happens that today is the 15th of May—and the 15th of May is the day of our crisis. I do not know whether destiny has made it so that we should meet you on that day. It may be that this very day will open a new era for the improvement and the return of the properties to those refugees and to the people of Palestine who have been deprived of their homes and lands. In the past we considered the date as symbolic of our suffering, and we hope that in the future we shall commemorate it as a day of festivity instead of as a day of mourning. Your Government, as you have said, is now taking more interest in solving this problem. You must have passed the refugees, and noted the conditions in which they are living. You also passed through Israel and you have seen the property and lands in Israel. These lands belong to those people you passed and whom you will be passing as you go along. These people were living happily in their homes, farms and villages. They were well established and happy. Now they are destitute. I hope you have also seen those on the border. They are just on the borderland between the two boundaries. Although they have lost their lands, their houses and huts remain on this side. They are landless and have no means of livelihood. Although they still have their homes, tens of thousands of these people have lost their lands which have been tilled for thousands of years by their families and they are not, therefore, considered as refugees according to the United Nations. The definition of a refugee, according to the United Nations, is a man who has lost his home. Because of this situation the border villagers receive no help and are leading a very bad life.

"These conditions will force the refugees to go contrary to the teachings of democracy. We want to warn you, that although we don't want war, we cannot overlook the fact that you have created a class of people who are so destitute that they are bound to want war. This only emphasizes the necessity of a quick solution. We have to have a solution now, because the problem grows and becomes more bitter. These people are losing hope and unless we do something to assist them and give them hope regarding their determination in the United States, it might be too late to overcome it in the future. This is not the place to go into past history to prove our rights, the rights of these refugees. But things are as they are, and we do have refugees. These people of Palestine have been displaced and none have been replaced. They are replaced by other people. Something must be done. Now we endeavor to arrange for them to return in order that they might assume their normal life. There were resolutions made by the United Nations. The whole situation is the result of the partition and other United Nations resolutions. The 1947 resolution of the partition has divided the country into two and created the refugee problem. Our contention is that no proposed economic solution will settle the matter. It cannot. It requires a political solution. These people, according to the principles of the United Nations resolutions are refugees. We were driven from our lands. The whole country was our land. The refugees must go back to their part of the country, where they have tilled the land for thousands of years. Two hundred thousand would go back to the land if the United Nations resolutions are implemented. With the financial help of the United Nations these people can go back to live their just lives. It will relieve the refugee question. It will relieve the serious refugee problem and will lead to prosperity. Two hundred thousand to three hundred thousand, probably more, will return to that country and will lead a normal life. I think it is right for every refugee to go back to his country. It is our indisputable right. It is found in the Declaration of Our Rights in two United Nations resolutions. These United Nations resolutions were taken at different times for these refugees to go back home—to go back home to their country. . . ."

Mr. Cassin next introduced the second representative, Abdul Rahman Siksek. Mr. Siksek read the following memo:

"The Democracies have been treating the refugee problem during the last five years as if it were an academic problem which could be solved by rehabilitation of the refugees in the Arab countries, and the payment of monies, whether as grants or otherwise, to Arab Governments. The result of these attempts was a total failure. The refugee problem in its essence and as the refugees themselves see it, is a political problem much more so than an economic or humanitarian one.

"In handling this case a very important psychological element, which cannot be uprooted from the hearts and souls of the refugees, has been neglected, namely, love of their country and their obstinate refusal to exchange it for any other.

"The Democracies in adopting this wrong course in the treatment of this case thought that time will have its effect on the refugees in reducing their love to their countries and in accepting to be settled in the other Arab countries. It is high time for the Democracies in general and the United States of America in particular, being responsible for directing the policy of the Democracies at present, to realize that the unshakable determination of the refugees is to refuse any such solution and to insist on their natural and inalienable right of return to their homes and the homes of their fathers and forefathers.

"It is necessary that it should be made clear that any amount of money, no matter how large, which would be spent along that wrong line of treatment, would not lead to the solution of the problem, nor would it stem the tide of communism which is about to sweep the Near East.

"The national spirit and feelings among the Arab peoples after the calamity of Palestine, have reached a degree which ought to make the Democracies realize that their interests cannot be secured in the Arab world by a friendly Government if the people themselves are hostile. The Arab peoples will remain hostile to the Democracies until and unless the Palestine problem has been justly settled in accordance with the demands mentioned in the memorandum which I now submit."

Mr. Cassin introduced the third representative, Mr. Kamal Araqat:

"I read a brief message from the Jericho District refugees and say that eighty thousand refugees were waiting for you to come by and see you but they would not let us see you. This message is brief. The first thing we want is justice. We want these people to go back to their homes. We want the orders of the United Nations to be executed according to the following provisions: (1) No settlement will be made in the Middle East without repatriation of refugees. (2) Palestine Arabs aspire for justice from Mr. Eisenhower and you, Mr. Dulles. We were not conquered by war, we were deprived of our rights and we are asking for justice, and justice is all we ask for."

Mr. Cassin thanked the Delegation. After formalities the Delegation dispersed.

No. 21

Conference files, lot 59 D 95, CF 156: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

CONFIDENTIAL AMMAN, May 16, 1953—8:16 p. m.

973. Secretary and party entered Jordan-held Jerusalem 2 p. m. May 14 and departed Amman airport 12 noon May 15.

Drive from Jerusalem to Amman gave Secretary and party opportunity to see something of country, including refugee camps.

Secretary and Mr. Stassen saw and talked with King, Prime Minister, Foreign Minister, and practically all leading officials of country both at small dinner and reception given by Ambassador May 14 and during calls paid following day.

Secretary received small group representative refugees May 15 who expressed their views orally and left memoranda with Secretary. In conversation of Secretary and Mr. Stassen with Prime Minister and Foreign Minister, both these officials indicated that UN resolutions, more particularly 1947 resolution, must be starting point for peace discussions with Israel. They were not adamant that UN resolutions be implemented before any negotiations could begin which was line taken with me by Foreign Minister in conversation May 13 (Embtel 962). [2] It was apparent that some not much but some softenings in their attitude had taken place subsequent my earlier conversation.

In all conversations Jordan officials emphasized plight of refugees and importance of carrying out Yarmuk projects.

Local press reaction adverse but Secretary greeted with some applause, both in Jericho and Amman while travelling by automobile. This manifestation unusual and indicative of hope placed in visit of Secretary to Jordan.

Security measures for trip Jerusalem-Amman involving use of some 10 armored cars and 1500 troops carried out without hitch. Adequate protective measures for Secretary and party were taken throughout visit.

GREEN

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[1] Repeated for information to Baghdad, Damascus, Cairo, Jerusalem, Tel Aviv, Jidda, Beirut, and Tripoli.

[2] Not printed.

No. 22

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Syria

SECRET DAMASCUS, May 15, 1951—evening.

ST D-4

Subject: Syria

Participants:

United States	*Syria*
The Secretary	General Shishakli
Mr. Stassen	
Mr. Byroade	

The principal points covered in a small evening meeting May 15, 1953 between Shishakli and the Secretary, in which Messrs. Stassen and Byroade also were present, were as follows:

General Shishakli presented to the Secretary in a brief manner the familiar representation of the changing feeling about the Arab world for the United States and the reasons therefor. He traced the earlier feeling of friendship for the United States back through their desire to see the United States become the mandatory power rather than France or Britain in the Arab area. The theme ended with the statement that feeling of confidence among Arab peoples for the United States was now nearly lost because of our past support for Israel.

At the end of the above speech, Shishakli specifically made the point that the United States should not attempt to "impose" a settlement. While he wished for energetic action on the part of the United States, he did not want it to be without prior consultation and agreement with Arab leaders.

The Secretary outlined the general purpose of his trip, the philosophy of the new Eisenhower Administration which included a comparison of the United States and Soviet policies including those in the economic field.

Referring to a remark the Secretary had made about imperialism Shishakli stated his concern at what might be the motive of the Turkish Government in creating troubles along his northern frontier. The Secretary told Shishakli we would check into this when we arrive in Turkey.

In commenting upon the Secretary's remarks about the overriding danger of Soviet Russia, Shishakli developed the theme that the communist menace and the menace of Israel both tied together in the end. His line of logic was that since Syria has to devote about fifty percent of its budget to military expenditures because of

Israel, it was not in a position to improve living conditions of the people which were necessary to fight communism from within. He asked in this regard that the United States help Syria with grant military equipment to ease the burden. He promised that Syria would never attack Israel.

Shishakli also made the point that the United States should not deal with Syria through the French. The Secretary informed Shishakli he should have no reason for concern on this point.

The Secretary asked Shishakli whether he thought it wise to move for a total peace settlement in the area at this time. Shishakli replied that this was impossible, that there would have to be a series of steps taken to reduce tension before Arab leaders could contemplate a peace settlement. In response to a query from the Secretary as to the nature of these steps, Shishakli replied that they should be along the lines of the United Nations resolution.

The discussion broke up with the Secretary complimenting Shishakli upon the manner in which he had been able to keep conditions along his border with Israel fairly quiet.

No. 23

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Syria

SECRET   DAMASCUS, May 16, 1953.

ST D-4/1

Subject: Syria

Participants: Secretary Dulles, Mr. Stassen, Ambassador Moose, Mr. Byroade, Mr. MacArthur, and other members of the U.S. Embassy and delegation; and General Shishakli, the Foreign Minister, the Syrian Ambassador to Washington

After the ususal amenities, General Shishakli said that he would like to review certain important problems affecting Syrian policy. The exposition which he would make would not differ much from what he had in the past told Ambassador (then Minister) Cannon, Ambassador Moose, and Mr. Byroade when the latter visited Damascus last year. He said that he had asked the Foreign Minister and the Syrian Ambassador to Washington to be present so that they could hear the discussion and thus be in a position in their further discussions to act in accordance therewith. General Shishakli said that he was a military man and did not talk like a politician. He would speak frankly. He began by saying that as a result of U.S. elections last November there was great hope in Syria and the Arab world that there would be a new U.S. policy with respect to the Near East. In the past there had been a feeling of friendship and good will between the Arab people and the United States. The Arab world in general and Syria in particular liked the United States because of the democratic ideas and principles for which it stood and which had first been made clear to the world by President Wilson. During World War I the Arab world had joined the side of the Allies and revolted against the Ottoman Empire in order to gain freedom and independence. Unfortunately, following World War I the United States retired from the world scene and left the other Allies to do what they wished with the Arab world. The result of the Arabs' assisting the Allies in World War I was that they were divided up into mandates. The mandate system, instead of raising living standards in the Arab world thus making for greater Arab strength in fact, was used to exploit the resources of the Arabs and to keep them weak and divided. In World War II the Arab world also tried to help the Allies but after this war terminated the situation remained the same as before despite Arab assistance. It was only when the Syrians finally revolted in 1945 that they gained their independence. Furthermore, instead of recognizing the legitimate aspirations of the Arab world the Western Allies assisted in the introduction of "outsiders" who had driven the Arabs from their own lands in Palestine. General Shishakli said that he blamed not only the United States and Western powers for the above situation, but also the Arab world itself.

He then said that relations between different peoples can only be built on trust and good will. The Arabs cannot do this alone. They must have the help of the United States in establishing trust and confidence. General Shishakli said that he is a realist. He sees facts as they are. He is not one of those Arabs who says that Israel does not exist. On the contrary, he recognizes that the state of Israel is a real and living thing. He does not want arms to push Israel into the sea. He wants and hopes very much that the United States will treat Arabs and Israel alike.

The United States and Syria both know the danger of Communism. Syria is spending one-half of its budget on defense instead of spending a large portion of this amount to raise living standards and thus to increase the internal defense against Communism. Syria is determined to maintain its independence. Like the United States, it will defend itself against Communism. The United States has the capability of giving economic and military assistance to Syria in order for it to remain independent. General Shishakli said that he trusted the United States as do other Syrian leaders. But these Syrian leaders must also have the trust and confidence of the Arab peoples. Syria bases its policy with respect to Israel on the United Nations decisons, one of which recognizes the existence of the state of Israel. If Israel is unwilling to recognize the other United Nations decisions it has in fact no legal basis for existence. Israel needs help to live and if she is given such help it should be specifically conditioned by Israeli observance of UN decisions relating to (1) refugees, (2) partition of Palestine, (3) the internationalization of Jerusalem. Regarding refugees, many of them will not return to Israel and accept Israeli domination. Only a relatively few will actually wish to return. For those who remain in the other Arab states aid is needed to settle them. Regarding the partition of Palestine, Syria will not accept the "*fait accompli*" of further Arab territory acquired by Israel after the armistice. Regarding the internationalization of Jerusalem, Syria cannot speak for Jordan, but General Shishakli said he did not believe that Jordan would refuse such internationalization. General Shishakli concluded his presentation by saying that he understood Secretary Dulles had not come to Damascus to make any decisions or reach any definitive conclusions and he had therefore limited himself to giving a friendly and frank exposé of the main problems which preoccupy Syria.

Secretary Dulles then said that the purpose of the trip was, as General Shishakli had pointed out, not to negotiate or reach definitive conclusions but to understand better the views of the Arab world and through personal contact establish that feeling of confidence which is essential if wise decisions are to be made. Furthermore, if the Arabs believe that we are interested only in Israel and are interested in a further expansion of Israel it is difficult to proceed ahead with the solution of various problems because of the distrust that would poison the general atmosphere. (General Shishakli said he believed the United States people's views had in the past been poisoned by Zionist propaganda. They believe now that a new era was about to dawn as a result of the United States elections.) Secretary Dulles said that he hoped the new United States administration will justify the confidence which General Shishakli expressed and will act in a way to inspire further confidence. He did not wish to discuss whether or not there had been mistakes in the past. It was the future to which we must turn our full attention. He said that the state of Israel does exist. The problem is to find a way to make Israel's existence compatible with peace and harmonious relations in the Near East area. Thus far Secretary Dulles and Mr. Stassen had visited three Arab countries which are neighbors of Israel. He had the impression that in each of these countries there is fear that Israel and particularly extremist elements therein wish to expand the present Israeli frontiers and that Israel will be aided by the United States in such an expanison at the expense of the Arab neighbors. Secretary Dulles said he wished to give the strongest and most categorical assurance that the United States is opposed to any expansion of the existing Israeli frontiers. The United States Government would be glad to discuss with the Syrian leaders the concrete steps that might be taken to get across the idea that the United States does not favor Israel at the expense of Syria or the other Arab states.

Regarding the military assistance which General Shishakli had indicated was required, the United States must be certain that any military aid is not to be used aggressively by one state against its neighbors. The purpose of military aid is to assist countries which feel threatened to defend themselves from aggression. This means that one element related to United States military assistance is that the United States be confident that Syria would not attack Israel and at the same time to give greater confidence to Syria that Israel will not attack it. We would like to see a steady improvement of relations of all the countries of the Near East. We also hope and expect that if greater aid for the Arab countries is possible that it would eventually involve some form of regional security pact. Also, the precise details of such a pact may not as yet be clearly defined.

Secretary Dulles said that from the viewpoint of Syria the first problem in their minds is the question of Israel, whereas from our viewpoint the United States must look at the balance of power between the Soviet and non-Soviet world. Secretary Dulles expressed the hope that on the basis of the present exchange of views it might be possible to work out a program which would serve both the interests of the United States and Syria. He said that Syria is fortunate indeed to have only Israel as its main problem. Israel is the only problem which Syria has because United States power acts as a restraining force against the aggressive intentions of the Soviet Union. He expressed the hope that Syria would have a sympathetic appreciation of the position of the United States and he could assure General Shishakli that the United States had a sympathetic appreciation of Syria's problems. Secretary Dulles said that when he talked about the broader concept of a regional defense system he was not sure that the details suggested in the MEDO concept were the best way to bring this about. There might have to be changes in the details of this concept. He hoped that General Shishakli would consider how a Near Eastern collective defense system might be worked out and he would be very much interested in any alternate solutions which the General might propose.

General Shishakli said that he could not give any alternate proposals at this time. As the result of its own efforts, Syria no longer feared aggression. Syria had organized its army with no aid from the United States and very little from the United Kingdom with the exception of twelve jet planes which had recently been delivered. He said that further immigration into Israel would not help peace in the Near East. Furthermore, Israel gets great assistance from outside the area. In attacking the problem of regional defense it is first essential to assure security within the Near East area before trying to set up a defense system against attack from without. The Near Eastern people themselves will be the best defenders of their own territory. Before any regional defense setup can be established the Arab people must discuss this problem. Thus far the Western powers have only seriously discussed regional defense with Egypt.

Secretary Dulles said that he was discussing it now with General Shishakli. He said we are impressed with the role that Syria might play at this particular time, particularly in view of the difficulties between Egypt and the United Kingdom.

General Shishakli said that he appreciated the confidence in Syria expressed by Mr. Dulles, but believes strongly that the entire over-all problem must be settled at the same time. If efforts are made to set up a Near East defense organization without prior settlement of the Israeli and Suez Canal questions, for example, the Arab people would not understand and would consider that their leaders had betrayed them. Secretary Dulles said that he was not proposing at this time any specific solutions. If Syria at a time of its own choosing feels that progress can be made in any of the problems which have been discussed, the United States is most sympathetically disposed. In many problems a series of steps are sometimes required prior to an over-all settlement. In other words, it is not always possible to settle everything at once, particularly when problems are very complicated. Among the problems which must be attacked are those of stabilizing the present Israel-Arab frontiers, possibly with minor rectifications; of gradually absorbing refugees; of providing assurance against further Israeli expansion; of building greater military strength in the Arab world; and of making economic progress which will improve living standards of the people. Secretary Dulles said we can perhaps make progress on some of these specific problems without an immediate over-all solution for everything. The formal establishment of peace in the area and a collective defense system may be a matter which can only come about gradually. This does not, however, exclude specific steps toward these objectives. For example, in Israel and Jordan he had found concern over the present inflamed situation along the frontiers. He had tried to suggest ways to the Israelis and Jordanians to improve this situation along the borders. He hoped that progress would be made in this matter and in the other matters mentioned above without awaiting for a final over-all settlement. If there is anything connected with any particular of any of the problems which he had mentioned above which the Syrian leaders believe can be discussed in the coming weeks, the United States would be glad to do so.

Secretary Dulles said he still had to visit a number of other countries prior to his return to Washington. He would then have to report his conclusions to President Eisenhower and the National Security Council so that they could be brought into harmony with over-all United States policy. If at that time General Shishakli thought well of the idea further discussions could be carried on along normal diplomatic channels. He wished to assure General Shishakli that we had great confidence in Syria. He had talked to the leaders of Israel, Egypt and Jordan in much the same terms with which he expressed himself today. Particularly he had stressed the need for the countries of the region working together. For example, there are various projects under way to utilize the water of the northern districts for the purpose of land reclamation. Coordinated over-all planning is necessary in this question. He would like further to assure General Shishakli that if at any time the latter wished to discuss broader projects, the United States would be very glad to have his views. We believe, however, that there may be specific projects where progress can be made in the near future.

General Shishakli said he believed that he and Secretary Dulles saw things much in the same light. It was his understanding that the United States will prevent further Israeli expansion and force Israel to comply with the decisions of the United Nations.

Secretary Dulles said that General Shishakli had not correctly understood what he had tried to say and that he had not committed the United States to enforce upon Israel the UN resolutions relating to Palestine. The idea he meant to convey was that the United States would be glad to discuss with both Israel and the Arab states ways to assure against further expansion of the Israeli frontier beyond its present limits.

General Shishakli said that the United States had been a power and influence to prevent further expansion and influence Israel to comply with the UN resolutions. Regarding military assistance to Syria, General Shishakli could assure Mr. Dulles that Syria was not and would not be an enemy of the United States. It was essential to get new arms quickly, since it would take time for the Syrian army to be trained in their use. If the Syrian army could be built up the United States could rely on it instead of having to think about the possibility of bringing United States forces into the area in the event of hostilities.

Regarding economic assistance, General Shishakli said that Syria needed aid and felt that some of the money spent in Europe should be diverted to the Arab states. Economic aid was essential to raise living standards and thus defend against internal Communism.

Mr. Dulles said he would like Governor Stassen to comment on military and economic aid, since he had primary responsibility in these fields.

Governor Stassen said that he had been much encouraged by General Shishakli's grasp and understanding of the relationship between economic aid and security. A sound economic foundation is essential for adequate defense. If a satisfactory over-all program can be worked out the United States would give it most sympathetic consideration. The over-all program might envisage water development and land reclamation as a means of economic improvement and also a means of assisting in the solution of the refugee problem. In giving assistance the United States as a matter of principle must be sure that there are sound economic and financial internal policies in the countries which it assists. The Mutual Security assistance program is, of course, dependent upon Congressional action. Mr. Stassen said that the United States administration had asked for a more extensive program in the Near East than in the past. The Congress will probably act on this matter in about two months' time. When Congressional action has occurred, we will then be in a position to talk in specific terms to the Syrians as to the related aspects of a satisfactory over-all program. Mr. Stassen concluded by again expressing his appreciation for the clarity of General Shishakli's briefing and said that it would be of great help in arriving at wise decisions.

General Shishakli said that Syria had a number of economic projects in mind, including those relating to irrigation, roads and industrial expansion. Point IV he said is only a planning organization and has not been able to make satisfactory plans. Syria has undertaken surveys at its own expense. What is needed is financial assistance. There had been some discussion of loans from the International Bank, the Export-Import Bank, and from private sources. But when aid of the kind he needs is available projects can be more seriously studied and undertaken.

Mr. Stassen said that he wished to add a further comment. There is a close relationship between United States aid and the purposes for which it is used. In other words, in extending aid there are engagements that both sides take with respect as to how this aid will be applied. Furthermore, with respect to planning, it is essential that there be sound engineering studies and plans as a basis for any program. When an over-all conclusion has been reached with respect to a program it will be possible to examine the details of how it can be worked out. In the military sphere this would mean what kind of equipment could be provided, how the training would be organized, etc.

General Shishakli said that it would not be wise to get involved in a "vicious circle" where Syria cannot receive United States aid until it gives a specific undertaking or engagement, while on the other hand Syria cannot give an undertaking or engagement until it is assured of a program which meets its requirements.

Mr. Stassen said he believed this could be made by a step-by-step approach to the problem. General Shishakli said that the problem was really to find a point in the circle from which to start. Thereafter mutual confidence and cooperation would increase in a rising spiral. He could assure Mr. Dulles and Mr. Stassen that there was good will on the Syrian side.

The meeting concluded with the usual amenities and expressions of appreciation.

No. 24

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Lebanon [1]

CONFIDENTIAL BEIRUT, May 16, 1953.

ST D-5

Subject: Lebanon

Participants:

United States	*Lebanon*
The Honorable John Foster Dulles, Secretary of State	His Excellency Camile Chamoun, President of the Republic of Lebanon
The Honorable Harold Stassen, Director, Mutual Security Administration	
The Honorable Harold B. Minor, Ambassador to Lebanon	

After the usual exchange of greetings, President Chamoun said he desired to make a statement. He declared that we are now at a crossroad in relations between the West and the Arab East. He feared that if no positive results are obtained from the Secretary's visit, the area will fall apart. It reveals elements of dangerous weakness. He assured the Secretary there is no hatred or deep-rooted hostility toward the United States in the Arab world, but rather a feeling of bitter disappointment as a result of Palestine. The United States appears to be another big power dominated by politicians anxious to serve local needs. The situation, he declared, has elements which make it easy to improve.

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[1] This conversation took place at the residence of the President in Beirut.

President Chamoun, in speaking of the British, said that British friends in the Near East are becoming increasingly few, especially since the events in Cairo and Churchill's speech. The only answer in Egypt, he said, is complete evacuation of the British. This, he said, is agreed upon by both sides and the questions remain only of the technicians to remain, care of the base, and return in case of a threat of war. The United States, the President said, should find a solution and impose it on both sides. To make this palatable to the Egyptians, the United States should give military and economic aid to Egypt.

Replying to this phase of the President's statement Mr. Dulles declared that the question for us is one of keeping the base ready in case of war or threat of war. If the British leave Suez, there will be vast losses and the base will quickly deteriorate. It is probable that sixty to ninety days would be required to make it ready again. Thus the base's use as a deterrent against Soviet Russia would be lost. The Secretary elaborated the thesis of the great responsibility of the United States in the world today in being the principal barrier against Soviet aggression. To fulfill this responsibility, the United States has created deterrents to Soviet aggression. Suez is one of these important bases and we cannot afford to see it put out of order for a critical period. Mr. Dulles said that our military authorities believe Egypt cannot adequately maintain the base. We cannot look with equanimity on such a situation. The Secretary declared that Egypt should be satisfied with the overwhelming triumph she would have on seeing the British withdraw. He asked why the Arabs did not come forward with a genuine security pact tied to the West which would create an arrangement making possible protection of the base by a group of powers without the onus of infringement of sovereignty.

President Chamoun expressed himself as entirely in accord with the idea of a defense pact. The first step, however, is to find a solution for the Suez problem which would make it possible to set up such a pact and escape from the present vicious circle.

Secretary Dulles told the President that he is actively considering the problem and will continue to do so when he returns. The problem is technical and military and will require some time. He said he had begged Naguib to understand this and not get impatient.

President Chamoun agreed and said he would use his influence with Naguib and others to be patient. He declared, however, that the situation is urgent since shooting may start in Egypt and this will have an effect on the whole area. Returning to the theme of the British, President Chamoun said that not even Iraq would dare renew a treaty with the British. The British, he added, must realize that times have changed and this is not the Victorian period.

Secretary Dulles agreed that times have changed, but in more ways than one. No nation exercises total independence. While Egypt demands there be no foreign troops on Egyptian soil, we have troops in England because the British realize we are dependent upon each other. The Secretary said that if Egypt is unwilling to cooperate for the defense of the free world, she probably will not have her independence for long. This type of nationalism is as dead as imperialism.

Turning to the question of Palestine, President Chamoun said that while Egypt is almost entirely interested in Egypt, Palestine is the more important question here and in the Arab world. There can be, he said, no true Arab cooperation from the heart as long as the Palestine and refugee problems remain unsolved. He referred to the three U.N. resolutions and said that while he does not know the United States attitude on these resolutions, he believes that they must be enforced if there is to be peace. He declared that it is not necessary to live up to them 100%—possibly 60% would be acceptable to the Arabs. In his opinion, United States support of these resolutions would have a profound, favorable effect on friendly relations with the United States. The Arab refugees must go back to their properties or receive other property in compensation. The President then said that if cooperation with the West becomes possible, the United States should give economic and military aid to the Arab world, recognizing that defense of the Near East is a matter for the Arabs.

Secretary Dulles said the United States is sympathetic toward military aid to countries which need it and will make the proper use of it. The demands against the United States in this respect are enormous. All nations want help, our budget is unbalanced, and material is short.

He said we have abandoned the concept of the year of greatest peril, that is, building up to peak effort with the idea that some particular year will be the critical one. The Eisenhower theory is that one can't determine the year of greatest peril and that our military effort must therefore be constant and long range. One of the greatest dangers is that overemphasis will wreck the economies of the free world. That would, in fact, be the year of greatest danger. Therefore, we must be careful of our military resources and are not seeking to give them away. We are anxious to see the creation of adequate security arrangements in the Near East but have rather given up the idea of MEDO as previously conceived. A defense arrangement here needs a hard core of Arab strength and Arab willingness to join the free world in defense against communism. The Arab League, he said, seems to have been an organization without serious purpose, confined to passing resolutions and denouncing. If it could turn into something real for the purpose of composing differences, we would be happy. President Chamoun said that the interests of the West are very great in this part of the world and therefore the United States should help in every way possible to bring strength and stability here. It should be possible, he said, to devise a scheme of defense agreeable to the Arabs and to the Western world.

Secretary Dulles reiterated our desire to give help and bring stability. He declared, however, that we must express real concern when we hear Arabs say there is no communist threat, merely the threat of Israel and the imperialist powers.

President Chamoun said that while this view may be expressed by some persons, it is certainly not the general case. People here are well aware of the communist danger and are willing to play their part if the immediate pressing problems of Egypt and Palestine can be solved.

As the meeting broke up, Mr. Stassen urged upon President Chamoun the need for endeavoring to understand our situation and to use moderation and patience. President Chamoun replied that this was indeed his policy and that he had been somewhat successful at this in his conversations and visits in the Arab world.

No. 25

Conference files, lot 59 95, CF 156

Memorandum of Conversation, by the Second Secretary of Embassy in Lebanon (Meyer)[1]

CONFIDENTIAL BEIRUT, May 16, 1953.

ST D–5/1

Participants: H. E. Saeb Bey Salaam, Prime Minister of Lebanon
Honorable John Foster Dulles, Secretary of State
Honorable Harold E. Stassen, Mutual Security Director

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[1] This conversation took place at the home of the Prime Minister.

Honorable Harold B. Minor, American Ambassador
Honorable Henry A. Byroade, Assistant Secretary of State
Honorable Douglas MacArthur II, State Department Counselor

Reporter: Armin H. Meyer, Second Secretary of Embassy

Prime Minister Salaam prefaced his remarks by stating that he wished to speak informally and frankly as one who is a true friend of the United States. He was speaking, moreover, not only as Prime Minister but as a private Lebanese and Arab citizen.

1. *Grave Situation in the Near East.* According to the Prime Minister, the United States formerly held a position of esteem and friendship in the Near East. The faith which the Arabs had in America has, however, been lost and it must be regained. He said he knew the Secretary is determined to restore the Arabs' faith in the United States and hoped the way would be found to do it. There are three key problems facing Lebanon, the Prime Minister said. The first is misery. Behind the show window which the Secretary probably saw there is widespread poverty, he said. The second problem is the Arabs' genuine fear of Israel. Communism is the third. In discussing the latter, the Prime Minister stated that the present extent of Communism in Lebanon was a new discovery even for him, its roots being deeper than he had imagined. He recalled how he was known as the arch enemy of Communism when he served as Minister of Interior in 1946; since his recent ascension to the Premiership he has found the Communist situation not only worse but growing actively. He pointed to the demonstrations today in connection with the Secretary's visit as one aspect. He also cited as Communist-dominated the teachers' strike, which he had through redoubled efforts settled before it could be connected with the Secretary's visit. The Prime Minister said he hoped the Secretary would realize the gravity of the situation and he added the belief that reports from United States representatives in the field are not always listened to by the State Department. He asked the Secretary kindly to do his best to help ameliorate the situation, particularly with respect to the following problems: Egypt, Palestine and the refugees, and North Africa.

2. *Gravity of Situation Reason for Visit.* To the Prime Minister's remarks, the Secretary responded that the fact that he, Mr. Stassen, and their colleagues were in Lebanon showed that the gravity of the situation in the Near East is recognized by the United States Government. President Eisenhower himself had asked them to undertake this journey, even though they had many pressing matters in Washington. Asserting that the new administration in Washing-

ton is prepared to review its policies, the Secretary assured the Prime Minister that the United States' desire to do something about the serious situation in the Near East could be taken for granted. Knowing just what to do was, however, a more difficult problem.

3. *Egypt.* Discussing the Eygptian question, the Secretary stated he had in Cairo done what he could do to facilitate a solution. As a result of his efforts, as a minimum, time had been gained and assurances obtained from both sides to avoid hostilities.

4. *U. S. Relations with France and Britain.* The Secretary said that as the Prime Minister must realize, the problems of Egypt and North Africa were extremely difficult for the United States. As he had told the Foreign Minister, the United States has not forgotten that it was once a colony and that it fought for its independence. The United States, he affirmed, has not lost its faith in freedom. He cited the American record in Cuba and the Philippines and added that still today American influence is being exercised in freedom's cause. He cited specifically his recent extremely frank talks in Paris. This is all done quietly, he said, as a family dispute. If the Prime Minister knew all the things that went on, the Secretary said, he would realize the United States is exercising its great influence for what the United States stands. He cited the present flare-up between members of the British Parliament and the American Congress as another reflection of differences of views between the United States and her allies. He declared, however, that those in responsibility in foreign countries, such as Prime Minister Salaam, must realize that the things which the United States is trying to achieve may be lost for centuries if there are divisions in the elements of the free world which have power. He referred to Stalin's "last will and testament", a Stalin writing of last October, wherein the Soviet dictator asserted if would not be necessary for the Communist world to fight the West, that given sufficient dissension they would kill themselves off. Prime Minister Salaam agreed that this was precisely what the Soviets are after, and he denied that Near Easterners expected the United States to break with Britain and France. The Secretary said he did not ask the Prime Minister to conclude that the United States' course of action was the right one but he did feel there is room for honest belief that tries to work these issues out gradually without an open breach. Noting that it is not easy to find the right course, the Secretary said he felt the new Washington administration was entitled to some faith that it is trying to do the right thing.

5. *Colonialism.* Returning to the problem of colonialism, the Secretary pointed out that the United States Government is exerting strong influence in favor of colonial and dependent people. He re-

called his efforts with the French with regard to Indo-China. In Egypt, too, the United States is trying to find some formula. Here he recalled how he was compelled to issue a statement to offset the remarks of Prime Minister Churchill. According to the Secretary, it would be very easy to work out a solution in Egypt if one side trusted the other. He and Naguib had agreed on a statement of principles, but details cause breakdowns because of a lack of mutual confidence. The exercise of this type of influence by the United States, he said, cannot be heralded from a street corner; one must keep a veil on it.

6. *Palestine Problem.* The Israel issue, the Secretary said, presents a number of difficult problems—not solvable at once or quickly. The presence in the Near East of this high-level mission was in itself a good sign, the Secretary stated. Furthermore, the administration has asked for increased aid to this area, both for Israel and the Arab states. This is something concrete and a break with the past. Other problems, the Secretary said, were of lesser importance. One of these is the border frictions between Israel and Jordan, an issue in which some forward steps were taken during the Secretary's visits to those countries. The Secretary said in Israel he had spoken quite frankly to Prime Minister Ben Gurion and Foreign Minister Sharrett, informing them that United States' policy is determined to restore the confidence of the Arab states. He said he had stated frankly that the United States would not carry out a policy partial to Israel and that the United States would not indefinitely finance Israel immigration. This latter policy, according to the Secretary, is already having a stablizing effect for Israel's immigration has tapered off to where it is almost as low as Israel's emigration. On the issue of the Arabs' fearing Israeli expansion, the Secretary indicated that the United States Government is prepared to consider measures and concert action to prevent aggression by Israel. With regard to Jerusalem, the Secretary thought some formula might be devised not wholly excluding the political authority of Israel and Jordan but establishing some sort of international control there. The refugee problem, he said, also needs solution but this is not readily achievable. Some observers, he noted, argue that Israel should invite the refugees to come back and they won't come. In the Secretary's view this may be true but it still does not solve the problem. Power and water projects in Jordan, he thought, would assist in solving the refugee problem as would pasturage in Syria. He felt that refugee projects should be carefully linked with economic aid for the indigenous populations for otherwise if anything at all is done for the refugees they would be better off than many of the native inhabitants. Summing up, the Secretary said he thought it is possible on this issue to change the at-

mosphere as far as the United States is concerned. It need not be all pro-Israel and there were many concrete ways in which the United States could aid the situation. It will not be possible to make everybody happy, he said, but the United States would do the best it could.

7. *Arabs Will Cooperate.* Prime Minister Salaam responded to this detailed explanation by saying that Arab hopes, which had been raised by the incoming of a new American administration, were clearly well-founded. He realized the many aspects of all these problems and did not want to see a breach between the United States and its allies. However, time was running out and the need was for early solutions. The actions of the previous administration, he said, had given the impression that the United States was dominated by Jewish interests; he hoped sincerely the Secretary's work would not be hampered by domestic political influences, particularly from Congress. Pledging full Arab cooperation, he said America is the stronger party and must take the initiative. America's friends, like himself, looked to that United States leadership. The Prime Minister added a caution that solution to the Egyptian question has highest urgency, for what occurs in Egypt is reflected throughout the Arab world.

8. *Churchill Speech.* The Prime Minister was gratified that the speech of Prime Minister Churchill had not destroyed the good effect of the Secretary's visit. Mr. Stassen suggested that the reason the Churchill statement did not frustrate the Secretary's endeavors was due to the wisdom of the Secretary who has been dealing with foreign affairs since 1907. Mr. Stassen thought this alone was something which the Arabs could look forward to with hope. There ensued a brief exchange in which the Prime Minister, pointing to today's demonstrations which he described as enormous, stressed the urgency of the Near East situation and Mr. Stassen in reply asked that the new administration be given time to work things out.

9. *Pipeline Concessions.* In parting the Prime Minister asked the American visitors to do what they could indirectly to induce American oil companies to take a liberal view toward the upward revision of their pipeline agreements with Lebanon. Lebanon needs the money, he said. The British are obstinate on this issue, according to Prime Minister Salaam, and it is his hope that the Americans can be made to be more conciliatory. Time having expired, there was no further discussion.

No. 26

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Second Secretary of Embassy in Lebanon (Meyer)[1]

CONFIDENTIAL [BEIRUT,] May 16, 1953.

ST D–5/2

Subject: Lebanon

Participants:

United States	*Lebanon*
Honorable John Foster Dulles, Secretary of State	His Excellency George Bey Hakim, Minister of Foreign Affairs
Present:	
Honorable Harold E. Stassen, Mutual Security Administrator	His Excellency Fuad Bey Ammoun, Director-General of Foreign Affairs
Honorable Harold B. Minor, American Ambassador	Halim Bey Abu-Izzudin, Chief of Protocol
Honorable Henry A. Byroade, Assistant Secretary of State	
Honorable Douglas MacArthur II, State Department Counselor	
Mr. John H. Bruins, Counselor of Embassy	
Lieutenant Colonel Stephen Meade, United States Army	

1. *Opening Remarks*. Expressing his pleasure at being in Lebanon, Secretary Dulles explained that his presence and that of Mr. Stassen, during a time when there was much to keep them busy in Washington, testified to the importance which the United States government attaches to the Near East. When Foreign Minister Hakim noted that as an intermediary between East and West, Lebanon had much in common with the latter, the Secretary noted that one of Lebanon's great assets was its Ambassador in Washington Dr. Charles Malik. Recalling Dr. Malik's speech at the Japanese Peace Treaty Conference in San Francisco and his other accomplishments, the Secretary declared that Dr. Malik's voice "carries great authority". The Foreign Minister noted agreement on

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[1] This conversation took place at the Ministry of Foreign Affairs.

the basis of his own association with Dr. Malik for several years in Washington.

2. *Arab-U.S. "Rift"*. Citing America's high reputation in the Arab world in times past—due to American schools, Lebanese emigrants in the United States, and the Lebanese' great respect for American ideals—the Foreign Minister reported a widening rift which makes it difficult for Lebanon to play its traditional role. Lebanon is an Arab country, he said, and it must maintain solidarity and common policies with the other Arab states. Speaking as a friend and frankly, he said, he was distressed by the rift and hoped sincerely that the trend could be reversed and the former friendship and love for America restored—all in the general interest of peace and freedom. He noted how Lebanon has cooperated with the West at the United Nations. Lebanon has a strong sense of freedom and democracy, he said, and it is Lebanon's desire that its democratic institutions should grow, despite the fact that all around it the tendency is in the opposite direction. If Lebanon is strengthened and preserved, he concluded, it can continue as in times past to play its useful role between East and West.

3. *Purpose of Secretary's Visit*. Stating that he had not come to make decisions but to get ideas, the Secretary said he would gladly listen to anything concrete the Foreign Minister might suggest. He was grieved, he said, that a measure of ill will now replaces good will. However, this was due to the acts of a previous administration. A Republican regime is now in power, he stated, and while it will not be possible to obliterate the past (Israel exists and it will continue to exist), it does not preclude the possibility of better friendship to eradicate the scars. The Secretary thought that typical of the foundation on which American-Lebanese friendship can be based is the fact that large numbers of Lebanese emigrants live in the United States. On the personal side, he noted that his sister had lived in Beirut for two years and that his brother was active in affairs which also were of considerable interest to Lebanon.

4. *Egypt*. Hoping that the United States would do everything possible to re-establish friendship, the Foreign Minister cited Palestine and Egypt as the two most serious outstanding issues. The Secretary replied that he and his party had worked for three days on the Egyptian matter in Cairo and he believed that their presence had prevented the problem from becoming much worse.

5. *Relations with Allies*. The Secretary said the assumption in this part of the world seems to be that the United States is always siding with Great Britain and France. Asserting that while publicly we appear to agree, the Secretary assured the Foreign Minister that we have many differences with our allies and he cited the current flare-up between certain members of the British Parliament

and the American Congress as evidence. There is no reason to conclude, the Secretary said, that the United States has lost its love of freedom and independence which it itself had won 160 years ago. He cited American policy in Cuba and the Philippines to show that the United States is not a colonial-minded power. The Foreign Minister said he realized this full well but he felt the United States, as the world's leading power, should use its great influence on its major allies. Stirring nationalism, he said, cannot be overlooked anymore. The Secretary asked if the Foreign Minister was assuming that the United States does not use its influence and he assured the Foreign Minister that things would be much worse in the world if United States influence were not being exercised.

6. *Suez Solution.* The Foreign Minister asserted that Egyptian nationalism is genuine, based upon 70 years of unwanted British occupation. If the British had not been there, according to the Foreign Minister, Egypt would have been able to accept MEDO; the presence of the British forced Egypt to reject it. Since you cannot undo the fact that the British were there for 70 years, the Secretary said the problem is what you do about the fact that in that particular area of the world which is important there are bases, landing fields and large amounts of supplies and equipment. The Secretary said the United States is doing everything within its power to find a solution. Abandoning or scuttling the base, he said, is obviously not the best answer, for it would create a vacuum, and that should not happen.

7. *Communism is Major Issue.* The Secretary stated that in a sense it was a luxury that the people of the Near East could consider Egypt and Palestine their greatest problems. He described how in the larger sphere of global relations the United States wields the balance against Soviet Russia. If that shield were removed, the Arabs would really have something to worry about. He added that if they did not want that shield it could be withdrawn. Citing Stalin's writings of 1924 on "The Problems of Nationalism", the Secretary recalled Stalin's exhortation regarding the use of nationalism to achieve the Soviet goal—an international single socialist state. Stalin's recommended tactic was to use nationalism as a tool to break ties between the powers and their dependencies after which amalgamation with the USSR could take place. If there is no realization of this danger, the Secretary declared, if there is no desire to maintain the balance of power, including the recognition of the Suez power position, then he believed the consequences were indeed serious. He felt this Soviet program was evolving and perhaps it would not be realized until it is too late.

8. *Israel Issue Serves Communism.* Agreeing with the Secretary's thesis, the Foreign Minister said he was sorry to report that the

Soviets were succeeding very well with their tactic. He noted that the refugee problem also lends itself to Communist utilization. He felt, furthermore, that the very creation of Israel had served Soviet policy because it has been used to incite the Arabs against the West. As long as the refugee situation is unsolved, he said, as long as Israel appropriates Arab properties unrightfully, as long as the boundaries and Jerusalem questions are not settled, the situation will get worse and worse and the Communists will exploit it. He felt that was dangerous for both the Arabs and the United States.

9. *United States Impartiality.* Expressing hope for a solution to the Palestine problem, the Secretary suspected that it would be gradual and not all at once. It was the strong desire of President Eisenhower, he said, to proceed with justice and equity vis-à-vis both parties in this controversy. The past could not be undone, the Secretary stated, but it is possible to proceed from here on with fairness and impartiality. There is a feeling that the past administration was dominated by Jewish influences, he said, but that is not the case with this administration. According to the Secretary, President Eisenhower has a tremendous regard for the Arab peoples and the Arab states. That is primarily the reason for the Secretary's visit to the Near East. They came to visit the Arab states, Israel was included simply because it was in the area. The Secretary said it is his hope to be helpful in the solution of some of these problems. Because of emotional bitterness, with which he could well sympathize, the Secretary realized the difficulty in finding solutions which both sides would consider fair and just. Nevertheless, it would be disastrous if the area were abandoned to strife and struggle, ultimately losing its independence. The Foreign Minister concluded the conversation by expressing his high hopes in the new American administration and stating his belief that it is still not too late to save the Near East.

No. 27

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Second Secretary of Embassy in Lebanon (Meyer) [1]

CONFIDENTIAL BEIRUT, May 17, 1953.

ST D-5/3

Subject: Lebanon

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[1] This conversation took place at the Chamber of Deputies.

Participants:

United States

Honorable John Foster Dulles, Secretary of State

Honorable Harold Stassen, Director, Mutual Security Administration

Honorable Harold B. Minor, American Ambassador

Honorable Douglas MacArthur II, State Department Counselor

Lieutenant Colonel Stephen Meade, U.S. Army

Lebanon

Deputy Abdulla Bey Yafi, Ex-Prime Minister and Chairman, Parliamentary Foreign Affairs Committee

Deputy Ahmed el-Assad, President, Chamber of Deputies

Deputy Ghassan Tweini, Reporter, Foreign Affairs Committee

Deputy Habib Abi Chahla

Deputy Hamid Frangie

Deputy Nicola Salim

Deputy Charles Helou

Deputy Rashid Karami

Deputy Yussef Karam

1. *Remarks by Chairman Yafi.* The Chairman of the Foreign Affairs Committee of Parliament, Abdulla Bey Yafi, opened the meeting with a prepared statement which he read in French. The general contents had already been reported in the press. He suggested that the United States pursue the following courses of action: a) remove from its mind any possibility of Arab-Israel peace, b) compel Israel to implement UN Resolutions, c) use its influence to stop immigration to Israel, d) give up endeavors for MEDO, e) help Egypt realize its national aspirations, f) support the cause of Arab nationalism generally, and g) provide technical and economic assistance without strings.

2. *Secretary's Response.* In response, the Secretary expressed his appreciation for the opportunity to meet with the Parliamentary Foreign Affairs Committee. Having had considerable recent experience in facing similar committees in Washington, he appreciated and welcomed the frankness which characterizes such committees in all countries. He declared that the very presence of his delegation in Lebanon was in itself evidence of America's concern with conditions in the Arab world and its desire to do something to improve them. He noted that Congress is in session and this is an extremely busy time in Washington but despite all this, the trip is being made and this should be ample evidence of the new spirit toward the Near East on the part of the new Washington administration. He said he had come to Lebanon not only as a courtesy but to gain all the information he could on which to base United States foreign policy as it pertains to this part of the world. He added that

he appreciated the committee Chairman's frankness. Lebanon, he said, understands both the East and West to a unique degree and so what is said here has even greater importance.

3. *Soviet Tactics.* The Secretary said he wished to take this occasion not merely to comment on mutual problems but to give as a background those major issues which concern the United States and make difficult the treatment of individual problems. He believed that the civilizations which are based on the world's greatest religions and are now in a dominant position, are faced with a force, materialistic in creed and backed by enormous military power, not paralleled in the history of the world. There can be no doubt, he said, of the world-wide aggressive ambitions of Soviet power. One whose judgment he greatly valued in this respect, the Secretary said, is Dr. Charles Malik, who has a very profound understanding of Soviet doctrine. At a private dinner with the Secretary a week previously Dr. Malik had expressed his fear that the United States might soften its policies because of a few kind words recently emanating from the Soviet government. Dr. Malik admonished the Secretary that the Soviet moves were merely a change in tactics, not intentions, and the Secretary assured the Lebanese Ambassador that he had no need for worry as to America's reactions. The danger, the Secretary said, is not only from attacks by the Soviets but even greater that the non-Communist powers will weaken each other as Stalin suggested in one of his last writings in October when he expressed the view that non-Communist nations would fight each other, thus making it unnecessary for the Soviets to fight them. According to the Secretary, the United States feels a two-fold responsibility: a) it is necessary to maintain a strong military establishment (it is costing the U.S. 40 billion dollars per year), and b) it is necessary to maintain unity among the non-Communist countries so that they do not fall into the Communist trap, and the United States is using all its influence in this direction.

4. *Relations with Allies.* Noting that the Chairman's statement indicated a loss of faith in the United States upholding of the cause of freedom, the Secretary said he did not think peace would be promoted by a serious breach between the United States and its allies, Britain and France. This did not mean, he said, that the United States does not use its influence in many ways, quietly and unostentatiously. For example, he said, the United States has been exerting itself to the utmost in the Egyptian problem looking toward an early and complete evacuation of British troops from the Suez area. It would be more dramatic, he said, to engage in an open crusade but under conditions today that luxury cannot be afforded.

5. *Israel.* With regard to the question of Israel, the Secretary said that he and his associates were making this visit to seek policies

which would be more fair and more just than those of the past, although it, of course, would not be appropriate for him to criticize on foreign soil a preceding government of the United States. The United States has definitely set itself, he said, against any aggressive tendencies by Israel. Already during the last six months, Israel immigration has come to a standstill. The Secretary said he hoped very much that as fear subsides through assurances against aggression there would develop a better relationship and a reduction in tension in this area. He added that the new administration in Washington is seeking approval from Congress for appropriations which would permit the United States to be more even-handed in its aid to the area than heretofore.

6. *Regional Defense.* With regard to regional defense, the Secretary recognized that security in this area should be sought in ways whereby the people of the area would themselves be primarily responsible. He realized that no collective scheme could be imposed from without.

7. *Hope for Future.* The Secretary stated that it was his hope that the steps which would be taken by the Washington administration, thoughts concerning which had been stated during his talk, would convince his hearers that a new era in Arab-American relations is opening. He said he wished to close with a plea for greater confidence in each other, faith in America's purposes, and patience and restraint to permit the new administration's policies to develop. He closed with an admonition that it was his understanding that this discussion was in "executive session" and its substance would not be reported outside the walls of the committee room.

No. 28

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Lebanon [1]

CONFIDENTIAL

BEIRUT, May 17, 1953.

ST D-5/4

Subject: UNRWA and the Palestine Refugees

Participants:

United States	*Lebanon*
Honorable John Foster Dulles, Secretary of State	Leslie J. Carver, Acting Director, UNRWA

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[1] This conversation took place at the American Embassy in Lebanon.

Honorable Harold E. Stassen, Director, Mutual Security Agency
Honorable Harold B. Minor, American Ambassador
Honorable Douglas MacArthur II, State Department Counselor
Honorable Henry A. Byroade, Assistant Secretary of State
(And Others)
Donald C. Bergus, Acting US Rep, UNRWA

Mr. Carver opened the discussion by stating that UNRWA was a non-political agency but of necessity it worked in a heavily charged political atmosphere. There were three outstanding problems in the area: (a) Anglo-Egyptian relationships; (b) relations between Israel and its Arab neighbors; (c) the Palestine refugees.

It would appear that simultaneous progress on all three problems was an urgent necessity. In the present state of affairs, the UNRWA has been able to do little more than hold the fort as far as the refugee problem is concerned. The original Agency program contemplated an expenditure over a three-year period of $50 million for relief and $200 million for re-integration projects. But two years have passed and the $50 million for relief was just about used up. There has been a definite slowness on the part of Arab Governments to cooperate with the Agency in identifying and executing projects which would lead to refugee rehabilitation. There was the problem of lack of continuity and of administrative capacity on the part of the newly sovereign local states which led to delay. There was also an understandable reluctance on the part of local leaders publicly to identify themselves with a program which seemed to prejudice the refugee claim for repatriation. There were military dictatorships in Syria and Egypt. They were not, however, the same type of totalitarian dictatorship which existed in Europe before World War II. Public opinion counted for a great deal. Colonel Shishikly, for example, states that he faces two problems in cooperating with the Agency: (a) the problem of gaining refugee support for the Agency's program; and (b) the necessity of Syria's engaging in parallel economic activity for the benefit of her own depressed nationals.

Mr. Stassen requested information about the Ramadane project near Damascus. Mr. Carver informed him that there was one rather poor drilling rig on the spot and we hoped to have two modern machines there within a month to continue necessary test-drilling and engineering studies. We were also moving onto the stage where the present tent settlements on the project would be replaced by a more permanent type of village.

After Mr. Carver had reviewed the status of present UNRWA program agreements with the Arab States (agreements involving commitments of $113 million and envisaging resettlement of 322,000 refugees), the Secretary asked how our agreements were connected with refugee settlement. Mr. Carver pointed out that these present program agreements would be supplemented by project agreements which very definitely linked UNRWA expenditure with refugee resettlement.

Mr. Byroade asked for Mr. Carver's opinion on the Yarmuk scheme. Mr. Carver said that he had just recently visited the site of the proposed dam at Maqarin and had been greatly impressed. He understood that the natural conditions for constructing a dam in that spot were superb. There were two other problems connected with the project, however, that would involve considerable further study. They were: (a) the fact that the Yarmuk joins the Jordan in territory now in the hands of Israel; (b) the fact that the waters of the Yarmuk alone would probably suffice only to irrigate the East Bank of the Jordan Valley. Irrigation of the HKJ section of the West Bank of the Valley would require a considerable amount of fresh water from the Jordan River itself. If Israel's current plans for development of the upper waters of the Jordan should be carried out, development of the West Bank of the HKJ section of the Valley would be impractical.

Mr. Byroade asked if repatriation were to be offered to the refugees tomorrow, would they return? Mr. Carver expressed the opinion that although a large number of refugees might wish to return, very few would probably wish to remain. There was doubtless no question of their returning to their original homes and farms. They would have to compete with Israeli nationals for the limited resources within Israel. A form of repatriation could be the settlement of refugees in areas relinquished by Israel in a peace settlement. Thus it was estimated that 100,000 refugees could find their livelihood in the International Zone of Jerusalem; perhaps 100,000 in Western Galilee; a few thousand in the area of an Egyptian-Jordan corridor through the Nejob.

Mr. Stassen inquired about the possibility of compensation. Mr. Carver pointed out that according to the latest studies made by the Palestine Conciliation Commission, the larger share of compensation would go to wealthier refugees not presently receiving UNRWA relief. Mr. Bergus stated that even if full compensation were to be paid, there would still remain 400,000 to 500,000 refugees who would require outside assistance before they could be self-supporting.

The Secretary closed the discussion by expressing the appreciation of the U.S. Government of the difficult task which UNRWA was facing.

No. 29

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Second Secretary of Embassy in Lebanon (Meyer) [1]

CONFIDENTIAL BEIRUT, May 17, 1953.

ST D-5/5

Subject: Lebanon

Participants:

United States

The Honorable John Foster Dulles, Secretary of State

The Honorable Henry A. Byroade, Assistant Secretary of State

The Honorable Douglas MacArthur II, State Department Counselor

Lt. Colonel Stephen Meade, U.S. Army

Lebanon

Col. William A. Eddy, Middle East Consultant for TAPLINE and ARAMCO

Dr. Park Johnson, Presbyterian Field Representative

Dr. William Stoltzfus, President Beirut College for Women

Dr. Alford Carleton, President Aleppo College

Reporter: Armin H. Meyer, Second Secretary of Embassy

1. *Deteriorating Situation in the Near East.* Dr. Carleton opened the discussion by remarking that he and his three associates represented altogether over 100 years of association with the Near East. They regretted to report that the situation in this area is worse than it was several years ago, that frustration is deeper, and that there exists fundamentally a keen sense of insecurity. They feared that this disintegration is not only detrimental to United States interests, but is tragic for the area itself. At the root of the trouble, of course, was Israel, against whom the Arabs are conducting a cold war of much greater importance to them than the cold war against Russia. Dr. Carleton reported Colonel Shishikli had told him recently that not one significant case can be cited where the United States has said no to Israel. Unless America does something, Dr. Carleton said, it is no use to talk to the Arabs at all. Colonel Eddy later asserted that the United States has lost its

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[1] This conversation took place at the American Embassy in Lebanon.

"bargaining power" and that the situation is reaching the bottom, as in Iran, where the local inhabitants do not expect anything and cannot be bargained with. He stated that at the forthcoming meeting of Arab Finance Ministers, discussions would take place to use oil as a weapon against the West. The alternative to remedial action by the United States was "awful", according to Colonel Eddy, who believes the Shishikli, Naguib and Chamoun regimes may be America's last chance. Dr. Johnson said the Arabs have lost faith in disinterested help from America. No Arab leader can stick his neck out to collaborate with the West, he said.

2. *Jerusalem.* Colonel Eddy reported that he passed through Jerusalem two days after the Secretary's party and found there utter sadness at the Secretary's having contributed to the violation of the UN resolution regarding Jerusalem by dining with Israeli officials in Jerusalem. Colonel Eddy also recalled that the U.S. Ambassador had acceded to Israeli wishes by attending the inauguration ceremony in Jerusalem. If we are not able, Colonel Eddy said, to do anything for the Holy City of Jerusalem, the Arabs can see no help from us. When Dr. Carleton suggested the Israelis should be pushed back, the Secretary asked who would do it. The Secretary also asked what was Jordan's attitude toward internationalization. Dr. Carleton explained Jordan opposed simply because they have no faith in UN and that if UN took over Jerusalem's administration, the entire city would soon be an annex to Israel. Colonel Eddy was also sure that Israel would score a *fait accompli.* He agreed that practically it would be most difficult to carry out internationalization, but he insisted that the United States should not meet the Israelis in Jerusalem. He reiterated that Israel was clearly violating a specific UN Resolution. The Secretary pointed out that UN Resolutions are only recommendations, and that the tendency is for each interested party to expect the other fellow to live up to the resolution with which the interested party is concerned. He noted that the Arabs were first to oppose the 1947 resolution and did so with violence. Now they want to return to that resolution which they could have had five years ago.

3. *Asylum in U.S. for Arab Refugees.* When Mr. Byroade asked just what the United States could or should do, one suggestion made by Dr. Stoltzfus was that the United States might offer to take in a token number of Arab refugees to show our good will. Such a gesture would soften Arab attitudes. The Assistant Secretary replied that this proposal has been given thorough consideration and the answer usually was that such a move would be a sign to the Arabs that we do not really understand their problem. Dr. Johnson suggested that it not be a single isolated proposal but that

it be a part of a whole program. Compensation, he said, is a psychological as well as a financial problem.

4. *United States Attitude.* The Secretary declared that there is not the slightest tendency for the present administration to be pro-Jewish, since it is not under any obligation whatsoever to Jewish interests. What the administration must do, he said, is what is good for the United States. It is not easy, the Secretary pointed out, to view favorably the steps of what one might call a pro-Arab policy. It would require, for example, a position against the United Kingdom in Egypt and that meant turning over about the only strong point in the Near East to chaos. Not only would that strength be wiped out but there would indeed be, as General Robertson had told him, a state of war between Egypt and the United Kingdom. It would be impossible, therefore, to have both a pro-UK and a pro-Arab policy. The Secretary indicated that there is a present British tendency to work out an alliance with Israel, basing their thinking on hard-headed military realities concerning the Suez and the Near East. The question arises shall the United States see these strong points (Suez and Israel) wiped out in the Near East. In the ensuing uproar, Colonel Eddy gained the floor and said that as a former U.S. military observer he could state that never would Israel serve usefully as a striking force for us. All that would happen would be that the perimeter of hate would be enlarged. Israel conceivably could move into Amman, Damascus and Beirut, but staying there would be another question and United States forces would be required to occupy every Arab village and town in the event of global conflict. The Secretary stated he was not advocating this course of action, but it appears to be current Churchillian theory, and he posed the theory in order to get answers from the visitors present. He added that the British even had an occasional thought about occupying Cairo and Alexandria. Dr. Carleton this time gained the floor and declared that any linking of the Suez and Israel issues would be fatal. Israel, he said, must be frozen in its tracks. The Secretary reiterated that he was merely looking for answers. Past U.S. policies were bad, and he was asking provocative questions to obtain useful ideas.

5. *Secretary's Thinking re Israel.* The Secretary then outlined his current thinking on the Israel question and wondered whether this thinking was sufficiently drastic. Specifically, he believed:

(a) The presence in the Arab world of the Secretary and his associates was in itself a noteworthy and helpful measure.

(b) Under legislation currently being sought from Congress, increasing aid is planned for the Arab States. This is a break with the past.

(c) The United States Government should consider some form of guarantee against Israeli expansion. Colonel Eddy insisted it be a U.S. not a UN measure.

(d) Something should be done to create a military balance between the Arabs and Israelis. Israel now is much the stronger, which in itself is an inducement to aggression. He realized also that by building up Arab military potential, we run the risk of stoking the fires for a second round against the Israelis.

(e) Formal peace is not possible in the near future. It will have to come bit by bit, gradually.

(f) Full internationalization of Jerusalem would require troops which we are not willing to commit. Therefore, some sort of international control other than outright internationalization appears most practical.

(g) Joint border controls should be promoted. The Secretary mentioned progress in this direction during his visit to Israel and Jordan.

Colonel Eddy thought that the Arab boycott of Israel was the last phase of past developments in that issue and that the elimination of the boycott should not be pushed until Israelis expansion has been frozen. The Secretary replied that perhaps the control of Israel's subsidy could be used to stop Israeli expansion and he noted that this tool has already had a salutary effect on Israeli immigration. Decrease in subsidy, furthermore, has caused unemployment to rise in Israel, which while not a happy thing, was in this case a stabilizing factor.

All the above things, the Secretary said, might ease the tensions, eventually permitting us to proceed with building strength in the area. The time factor, however, is important, and better results would be likely if the Egyptian stumbling block can be removed.

In closing, the Secretary thanked the four American "Near East hands", and said he appreciated the opportunity to put up the problems to them in the general quest for solutions.

No. 30

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Country Director of Technical Cooperation Service, Lebanon (Peter) [1]

RESTRICTED BEIRUT, May 17, 1953.

ST D-5/6

Subject: Lebanon

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[1] This conversation took place at the American Embassy in Lebanon.

Participants:

United States	*Lebanon*
Honorable Harold E. Stassen, Director, Mutual Security Agency	Hollis W. Peter, Country Director, Technical Cooperation Service, Lebanon
Robert E. Matteson, Special Assistant to Mr. Stassen	Henry J. Sabatini, Executive Officer, TCS/L
	Carl Behrens, Acting Program Officer, TCS/L
	R. B. Farnsworth, Chief, Education, TCS/L
	Dr. Clawson Cannon, Acting Chief, Agriculture, TCS/L
	Trevor Christie, Tourism Specialist, TCS/L
	Robert Herdman, Chief, Litani, TCS/L
	Dr. Eugene Gillis, Chief, Public Health, TCS/L
	Darrell Price, Information Officer, TCS/L
	James Lobenstine, Economic Officer, Embassy
	D. H. Marsack, Deputy Regional Representative, UNTAB

The meeting commenced about 9:45 a. m. Mr. Peter summarized the structure of the Point Four operations in Lebanon, pointing out that the major staffs in Water Resources, Agriculture, Health, Education, and Industry corresponded to the Technical Ministries of the Government of Lebanon in these fields. The major emphasis by the Government of Lebanon upon water resources development was reflected by a heavy stress on this field in the Point Four program, in which the Litani River Survey was the largest project. He pointed out that there were no joint fund or servicio operations in Lebanon, but that each of the Point Four technical staffs worked with the ministries under cooperative project agreements describing specific activities. On the American Point Four staff, there are 48 technicians and 15 program direction staff including secretaries. Mr. Peter also described the organizational relationship with the Government of Lebanon at the general policy planning level, accomplished through a Provisional Liaison Committee established by President Chamoun and chaired by Mr. George Hakim who is now also Chairman of the new Economic Development Council.

Mr. Peter described the chronology of the Point Four program, indicating that the bulk of the projects had been signed this last spring even though project activities had been initiated some months earlier. The 3.1 million dollars of program funds committed by the Program Agreement of June 26, 1952 was being used over the two fiscal years, 1952 and 1953, due to delays in getting the co-operative program under way.

He emphasized the economic development activities initiated by the Government of Lebanon, including the establishment of the Economic Development Council, and the beginning of a five-year plan for economic development, the establishment of a four-year developmental budget of 25 million pounds allocated almost exclusively to water resources development projects, and the discussion with the Government of a Regional Development bank and a Lebanese Industrial and Agricultural Bank. He mentioned the importance of the regional economy to Lebanon due to its location as the gateway to the Near East and its inter-dependence with the other countries in the Near East in its transportation, commercial and banking services. At the same time, there does not appear to be a great potential within Lebanon for regional development projects, except possibly highways, port development, and the international river Orontes, and certainly no possibility of re-settling any appreciable number of refugees. Mr. Peter pointed out that within the Point Four program in Lebanon, there were important regional aspects for tourism, marketing of agricultural production, and the Industry Institute which was expected to become a service institute to industries throughout the region as well as in Lebanon. He mentioned also that Lebanon was the headquarters of the Regional Locust Control and the location of the American University of Beirut Regional Training Program.

On the subject of economic aid, Mr. Peter emphasized that no economic aid should be offered to Lebanon until there was more evidence that the Government of Lebanon was doing its best to use available sources of capital and outside financing, such as the IBRD, the Export and Import Bank, and private investors. He pointed out that for some projects, such as the Litani, there might be a need for a small amount of economic aid if the project were not completely bankable; and that for certain other regional projects, such as highways or international rivers, there might be a later need for some economic aid. However, since Lebanon cannot settle additional refugees and has a limited amount of land which can be brought under irrigation, there is not as large an argument for economic aid as in some of the surrounding countries; and it is particularly important that U.S. economic aid in Lebanon not become a substitute for efforts which might be expected of the Lebanese Government.

Mr. Stassen inquired particularly about the Litani Survey Project, and Mr. Herdman, Project Engineer, gave a more detailed report on the accomplishments of the Litani staff to date, and the possibilities indicated by the studies already completed. Mr. Stassen emphasized his own belief that providing additional irrigated land was the most important use of water and should take precedence over using water for producing electric power since the oil supplies of the region might be used for providing power at approximately the same cost in Lebanon. Mr. Herdman pointed out that the cost-benefit studies indicated a much higher return from hydro-electric power use than from irrigation, but that intangible benefits of settling families on irrigated land would have to receive heavy weight. He also described the technical difficulty involved in the Litani Project where most of the irrigable land is above the water-storage sites. The proposed irrigation system of the South Bekaa was discussed in some detail. Mr. Herdman also described the political difficulties associated with the Litani Survey due to the great fear on the part of the Lebanese that the project would in some way benefit Israel or be vulnerable to Israeli aggression.

At the request of Mr. Stassen, Dr. Cannon described the Agricultural Program in Lebanon, including the three experimental farms now being used by Point Four in cooperation with the Ministry of Agriculture and the research work on new types of seed. He also described the Livestock Breeding Program briefly. In the course of this discussion, the difficulties encountered in obtaining supplies and equipment from the states was mentioned, and Mr. Stassen showed particular interest in these delays in procurement.

Time did not permit any discussion of UN Technical Assistance activities or their relation to the bilateral program in Lebanon.

The meeting closed at approximately 10:20 a.m. as Mr. Stassen was scheduled to depart with Secretary Dulles for their next meeting.

No. 31

Conference files, lot 59 D 95, CF 155: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

TOP SECRET **PRIORITY** BAGHDAD, May 17, 1953—11 a. m.

1373. Section one of two. For the President from Secretary.

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[1] Transmitted in two sections.

Have now completed visit to Israel and four surrounding Arab countries, Egypt, Jordan, Syria and Lebanon. Impressions follow:

1. Bitterness toward West, including United States such that while Arab good will may still be restored, time is short before loss becomes irretrievable. Mind general Arab feeling of hope in you as individual and head of new administration, but basic skepticism as to whether any United States administration can follow policies now approved by Zionists. Remaining hope will quickly dissolve unless our acts seem here to show capacity to influence British and Israeli policies, which now tend to converge in what is looked upon as new phase of aggression against Arabs. Have vigorously and consistently emphasized need for time and have stressed danger which would flow from open split of West Powers, and believe some impression made, but period within which we should get going must be measured in weeks, not months.

2. United Kingdom-Egypt problem [2] most dangerous and if unsolved situation will find Arab world in open and united hostility to West and in some cases receptive to Soviet aid. The recent statement by Churchill linking Israel to the Suez question [3] leads to the feeling here that he is prepared to stand by force if necessary in Egypt, make military arrangements with Israel, and thus to abandon any British position in Arab states except as held by force. It is hard to believe this is correct appraisal of United Kingdom policy, but if it should be accepted here, any hope of extending United States influence over the Near East and building at least a minimum of strength here would have to be renounced unless we would publicly disagree with Britain and thus allow accomplishment of one of primary aims of Soviet Russia.

3. As previously reported, Naguib and Revolutionary Committee agreed try to postpone guerrilla type hostilities against British until we could return and perhaps moderate the British position. We have urged other Arab state leaders to urge moderation on Naguib and believe some may have done so. However, we should be prepared to get quick results on return. Suggest State and Defense consider our suggested formula cabled from American Embassy Cairo [4] and also our conclusion that Middle East Defense Organization in original form is impracticable. Question of approach to British in this matter should be thought about in framework of other issues. As to this I look forward to talk with you on return.

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[2] For documentation on U. S. interest in relations between the United Kingdom and Egypt, see Documents 947 ff.

[3] See footnote 4, Document 4.

[4] Not further identified.

4. Convinced after talks with Arab leaders and Americans here that formal Arab-Israel peace settlement not yet possible. Indeed, Ben-Gurion himself talked in terms of *de facto* peace and end of economic hostilities, rather than in terms of formal over-all peace settlement. He also favored United States adopt policies which would win Arab favor and thus permit US exert helpful influence in entire area. Our feeling is we may have to move step by step upon segments of problem that will reduce tension to where it would be politically possible for Arab leaders to agree to formal peace settlement. Such segments include gradual liquidation refugee problem, status of Jerusalem, assurance against Israeli aggression, to which Israeli leaders agree, distribution of economic and military aid showing more balance between Arab and Israel countries, et cetera.

5. Believe that if problem of Israel peace and Arab good will is dealt with on piecemeal basis, there need not be identical approach as regards all Arab countries. We had come here with belief Egypt afforded best opportunity for Arab leadership toward better relations with Israel and the West. However, we believe that present British tension even if presently relieved will be recurrent so long as any British remain in the area, and we shall be under corresponding pressure from British to withhold military and economic aid to Egypt. Also we feel Naguib is primarily a popular figure through which revolutionary group operates and that dominant factors have little political experience or understanding of international problem.

6. Syria offers some promise. Shishikli has both personal authority and understanding of world situation. Syria furthermore has greater opportunity for economic development at less cost and is only Arab country that could absorb large amount of refugees and thus make good start for liquidation problems which poisons all Arab relations. Also Syria less engrossed with Suez problem and more aware of Soviet threat, because of proximity of Soviet frontier. While no one can guarantee tenure or even life of dictator like Shishikli, he seems able and disposed to take initiative. However, Syria very unpopular with neighbors and no adequate substitute for Egypt if UK problem there could be solved.

7. We do not now make specific recommendations, but think useful supply promptly orientation of our thinking so that you and NSC may also be thinking along similar lines with view to developing readiness for prompt policy decisions upon our return.

BERRY

No. 32

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Iraq [1]

CONFIDENTIAL
ST D-6

BAGHDAD, May 18, 1953.

Subject: Iraq

Participants:

United States

Honorable John Foster Dulles, Secretary of State
Honorable Harold E. Stassen, Mutual Security Administrator
Honorable Douglas MacArthur, II, State Department Counselor
Honorable Henry A. Byroade, Assistant Secretary of State
The Ambassador
Mr. Philip Ireland

Iraq

Jamil al Madfai, Prime Minister
Ali Jawdat al-Ayubi, Deputy Prime Minister
Tawfiq al-Suwaidi, Foreign Minister
Nuri Said, Minister of Defense
Musa Shahbander, Ambassador-designate to the United States
Yusuf Gaiiani Under Secretary, Foreign Affairs

The Prime Minister:

1. In his statement of welcome to the Secretary, Prime Minister said he was happy to see the Secretary visiting this area in these troubled times. He said he was particularly pleased to see him in Iraq which, being closer to the danger, was therefore appreciative of the difficulties of its position.

2. Palestine was the greatest obstacle to improvement of relations between US and Iraq. A settlement should be made in the interest of equity and justice, and to restore confidence in the US. Not until it was settled could the Iraq Government have a basis for creating public opinion in favor of mutual defense arrangements. Iraqis were far from satisfied with UN treatment of Palestine, but if an initial step were necessary, the Iraqi Government could discuss peace only on the basis of the UN resolution. In urging necessity of a just solution, The Prime Minister declared that, in the absence of such solution, Israel would find ways to expand at the expense of the Arabs in this area.

3. The Arab world was disturbed, not only by the situation in Palestine, but also by that of North Africa, which, unless a settle-

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[1] This conversation took place at the office of the Prime Minister.

ment were attained, would make it impossible for the Arabs to come to the aid of their Allies and friends.

Tawfiq al-Suwaidi, Foreign Minister:

1. The Foreign Minister declared that Iraqis were lovers of peace, interested only in peaceful pursuits and in developing their country. The Iraq Government was fostering the policy of development since it would remove the basis for extremists' agitation among the people.

2. The most necessary requirement of Iraq's foreign policy was the restoration of confidence of Iraq toward the western world. After reviewing the reasons for the lack of such confidence—the rise of colonialism after World War I and the question of Palestine—he stated that if the question of cooperation between the Arabs and the West were raised, the Arab answer to such request was now that, on the basis of experience, the West had forfeited the right of being believed. The unjust settlement of Palestine and the creation of hundreds of thousands of homeless Arab refugees had further stimulated public opinion against the West. Arab political leaders were now unable to win public opinion to the support of the West. The Foreign Minister said he personally regretted that the US, which had enunciated the principle of freedom for small peoples, had acted contrary to such principles in regard to Palestine. Public opinion, therefore, held the US responsible for the present inequitable situation. The UN was also held responsible since the resolutions and promises, although inequitable, had not even been carried out.

3. The Foreign Minister wished the Secretary to understand that Iraq had no sympathy whatever with the politics or doctrines coming from the North, i.e. Soviet Russia. The whole tradition of Arabs was against such sympathy. He stated, "If you are against communism, we are also against it. We are handicapped, however, because of public opinion." He urged the Secretary to give close attention to the psychological aspects of the Palestine situation in order that public opinion might be won to the side of the West.

4. He also stated that as long as various parts of the Arab world, such as North Africa, were dominated by imperialist countries, there was no chance of cooperation between the Arabs and the West. He reviewed the situation in North Africa as the Arabs and Moslems saw it and added the question of North Africa to those which must be solved in the near future.

5. Stating that the difficulties in the world were as links in a chain, the Foreign Minister pointed out that Iraq, as a close neighbor of Iran, was affected by whatever happened in that "unhappy

country". He regarded the situation in Iran as being very bad. [2] The question of Iran must be added to those of Palestine and North Africa, as one which must be settled in the very near future.

6. In summary, the Foreign Minister said when the legacies from the past were removed, Iraq would be willing to cooperate.

Minister of Defense, Nuri Said:

1. The Minister of Defense stated that since 1934 Iraq had been aware of communism as a dangerous doctrine which had pretended to be working for progress and a better life but the real purpose of which was destruction and terrorism. Iraq had passed legislation with penalties for communist action running up to capital punishment. Certain powers, including Great Britain, had urged that such laws were too rigorous. He was pleased to see, however, that the United States had recognized the danger of communism and was now strengthening its laws against it.

The Minister then reviewed the defense plans of the Iraq Government, much on the lines of that already given to the Embassy and forwarded to the Department (his notes on the requirements were given to Mr. Byroade). [3]

The Minister used a map to illustrate the common defense problem of Turkey, Iran and Iraq. Recognition of these problems had been the basis of the Sa'aabad Pact. Talks had been held during coronation week with the Foreign Ministers of Iran and Turkey. The Iranian Foreign Minister had recognized the problem and had promised to discuss the matter with his Government. The Turk had reported that his country was fully aware of the danger. The Defense Minister stressed the danger from Russia and declared that Iraq's sole objective was its defense.

He urged that the Secretary and the United States Government give consideration to the defense program which he had outlined, since Iraq would be unable, without severely crippling itself, to undertake a program of such magnitude. The ordinary revenues would be severely dipped into as it was. To further reduce the oil revenues would seriously and adversely affect the development of Iraq which the Government of Iraq held to be vital to the well-being and progress of the country. Iraq would, of course, do what it could by itself, but he was afraid Iraq's own efforts would be insufficient. He again urged that Iraq be given aid and assistance.

2. Nuri then turned to the two problems which formed psychological obstacles to full cooperation between Iraq and the United States: the questions of Palestine and the status of the refugees.

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[2] For documentation on this subject, see volume x.

[3] Not found in Department of State files.

The solution to these questions should be simple. Israel, created by the UN, should obey resolutions as approved and passed by the UN. Of course, if Israel insisted that its right to territory was based on the right of conquest, and he denied such right, nothing could convince the Israelis to give up such land except the force of arms. Iraq counted upon the US to convince the Israelis of the error of their ways since US had played a great part in the creation of Israel and without its support there would be no Israel today. Nuri said from his own talks with General Romulo and others, he was aware how pressure had been exerted by the US during the few days before the 1947 resolution was passed. US had a moral position for the creation of Israel. "No other power," he said, "can solve the Israel-Arab problem except the US."

3. Egypt was another problem for the Arabs. He hoped this would be settled very soon. He had news that morning which made him believe that the Anglo-Egyptian differences would be settled very soon.

4. Ambassador Berry then asked Nuri Said if he would tell the Secretary something about Iraq's plans for the training of students as officers. Nuri replied that an old law concerning the training of students, hitherto not applied, was being modified. It would be applied as soon as it was passed by the Senate. Instead of taking nine months of a student's time after he had finished college, the student would be taken during his college career for 3-month periods of training for three successive summers. He anticipated 3500 students would be put into camp for training during the coming summer. In 1954 the same plan would be followed. After two 3-month periods training, the students would be given commissions as second lieutenants of the Reserve. During the third summer the students would be separated into their specializations and given practical training. The Ambassador commented that the law seemed a wise one since it not only removed students from the capital during the summer when they might indulge in mischief, but also formed a cadre of responsible officers.

5. In response to another question concerning area cooperation, Nuri pointed out that Turkey was strong and ran less risk than Iran, which was weak, of being attacked. The Iran-Iraq frontier south of Turkey was therefore in great danger from international situation. Kurds were being trained in Russia under Mulla Mustafa. For protection of this area, he stated that plans had been worked out with the British. Iraq's job would be to stop the Russians as long as possible at the frontier. Nuri stated the defense of Iraq was the policy of this government. It was Iraq's only policy. The arms expansion program was not for aggression. It was for de-

fense, self-defense, and in the areas from which the danger would come—the northeastern and eastern frontiers.

Foreign Minister, Tawfiq al-Suwaidi:

The Foreign Minister then stated that in accordance with present plans, Iraq had the intention to cooperate with other countries on the same basis as with the other Arab countries. Iraq required aid and assistance. Iraq requested such aid. If such assistance were not forthcoming, Iraq would try to do what it could. It had an alliance with Great Britain and, through cooperation with it and the Arab countries, Iraq would be able to do something. This would be insufficient. He declared that any power asking Iraq cooperation and giving aid and assistance would be welcome.

Suwaidi then informed the Secretary that the Arab League Political Committee at Cairo had decided that the military experts of the Arab States should not meet until after two months to formulate their plans for self-defense, in order to permit Egypt and Great Britain to solve outstanding problems. Egypt would thereby be enabled to take its place in the Arab League Collective System.

The Secretary:

The Secretary thanked the group for the statements which he found frank and helpful. The Secretary then made a clear and impressive exposé of the dangers from Soviet policy, particularly in regard to nationalism and the creation of divisions among the free nations, and how the United States proposed to meet such dangers. In conclusion he stated that he believed a new look would be taken at US policy toward the Middle East. The Middle East must not expect any miracles; it must not expect anything soon. Nevertheless, he believed that a fresh start would be made.

No. 33

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Iraq [1]

CONFIDENTIAL — BAGHDAD, May 18, 1953.

ST D-6/1

Subject: Iraq

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[1] This conversation took place at the office of the President of the Chamber of Deputies.

Participants:

United States	*Iraq*
Honorable John Foster Dulles, Secretary of State	Dr. Fadhil al Jamali, President of the Chamber of Deputies
Ambassador Berry	
Mr. Philip Ireland	

Dr. Jamali informed the Secretary that the basic problems between Iraq and the United States had been inherited from the past. The first was the continuance of colonialism, as in North Africa. The second one was Palestine, where Israel had been established without regard to human rights. He hoped that the US would be able to alter its policy in regard to both of these countries.

Legacies had also been left by the colonial policy of Great Britain in Egypt and Iraq. These were being gradually corrected. He declared that in time the military bases in each of these countries must be evacuated and returned to the Egyptians and Iraqis for safe-guarding.

In regard to Palestine, he said that the UN resolutions had not been just but with the passage of time they had been accepted by the Arabs. Arab leaders, however, could not, in deference to public opinion, accept less than the UN resolution concerning Palestine as a basis of peace with Israel. Internationalization of Jerusalem was essential because it was the sacred city of three religions and of all the races of mankind. The basis of division regarding frontiers must be those set up by the UN resolutions of 1947 or their equivalent. If territorial and boundary adjustments took place in accordance with the resolution of 1947, such adjustment would solve two-thirds of the refugee problem.

Jamali then turned to North Africa, in the discussion of which he became somewhat heated. The treatment of North Africa was a typical case of colonialism and imperialism. He criticized the US for backing France in its colonialism. The US might be giving good counsel to the French Government but in view of recent French actions, it was difficult to prove this fact in public opinion. He urged that the US openly oppose France in order to prevent the nationalists of North Africa from turning to communism. It was impossible to fight communism without an appeal to public opinion.

Dr. Jamali stated that opposition to communism in Iraq was based on ideological factors, but unless such ideological factors were strongly reinforced, they would form no obstacle to communism. Dr. Jamali then returned to the question of bases in Egypt and Iraq. He declared that the bases must be given back to the people and the Iraqis and Egyptians given help to maintain them. He believed in common defense and he thought that most Iraqis also believed in it.

In regard to Iraq's defense, he stated that money from oil should be spent on development, not on military expansion. Yet since military expansion was essential, Iraq should be helped by the US in its own interest. He declared that America had neglected Iraq. It had given assistance to Saudi Arabia, to Pakistan, to Iran, but had always skipped over Iraq. Iraq had the greatest potentialities of any Arab country. He wanted something substantially American in this country. America should come forward with substantial and real assistance in establishing technical schools and other projects for the development of Iraq.

The Secretary stated that he appreciated Dr. Jamali's exposé to which he had no time to make a reply except on the matter of our relationships with France and Great Britain. Dr. Jamali had implied that the US was in complete partnership with the colonial policy of France and Great Britain. He wished, in reply, to state emphatically that this was not so. Privately and behind the scenes influence was being constantly brought to bear on these governments to moderate their policy. The policy of the US was against open clash, hence there had been no pushing of these questions in the UN. He urged Dr. Jamali not to push the questions of North Africa openly or in the UN since it would only serve communist strategy of creating division among the western powers. Only our enemies could profit by such maneuvers.

Dr. Jamali replied that unless some action was taken before the next General Assembly, the West would be faced by a combined bloc of Arab-Asian powers to force the North Africa question out in the open. To this the Secretary again replied to do so would be playing the communist game. Dr. Jamali said that if he were given assurance that something would be done within one, two or even three years, he could restrain action, but without such assurance he was certain matters would come to a head at the next session.

No. 34

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Saudi Arabia [1]

SECRET
ST D–7

RIYADH, May 18, 1953—9 p. m.

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[1] This converation took place at Riyadh. The memoranda of conversations in Saudi Arabia were dictated by Mohammed, Ambassador Hare's Arab adviser, to Good, a warrant officer from the Secretary's party who acted as recorder.

Subject: Saudi Arabia

Participants:

United States	*Saudi Arabia*
The Secretary	The King [Ibn Saud]
Mr. Stassen	Crown Prince Saud
Ambassador Hare	Prince Faisal, Foreign Minister
Mr. Byroade	Sheikh Yussef, Deputy Foreign Minister, and two advisors
Mr. MacArthur	
Interpreter	

Summary

The King initiated the conversation by asking whether there was anything Mr. Dulles wished to discuss. Mr. Dulles replied that he was ready for any discussion in connection with the existing friendship of their two nations. Mr. Dulles continued, saying all that he had in mind was the development of friendly relations between their two countries and that these friendly relations must be stronger now than ever before. As proof of such belief, Mr. Dulles said, President Eisenhower had sent him and Mr. Stassen on this visit to Saudi Arabia to get in touch personally with the King. Mr. Dulles pointed out that this was clear evidence of the keen interest the United States had in Saudi Arabia. He said he could not foretell the policy which would be formed after his return to the U.S., but he believed it would be a more understanding policy and stronger than it was in the past. He said that America has great responsibilities all over the world and cannot meet them as she alone pleases. It is President Eisenhower's policy, Mr. Dulles stated, to consider the whole world equally, without neglecting any part of it. Mr. Dulles added that the U.S. believes there is a threat of war by the communists and does not like to put any pressures on activities which might cause a split between the forces facing this common enemy.

The King stated that he agreed with what Mr. Dulles said, but he asked whether or not the U.S. would like to have some more friends to cooperate in such a cause. Mr. Dulles said yes, the U.S. would like to have such friends. The King then inquired regarding the attitude of the U.S. toward Saudi Arabia. Mr. Dulles replied that he and his party were in Saudi Arabia to emphasize the friendship exisiting between their two countries. The King then replied that Saudi Arabia had had a heavy blow. Mr. Dulles inquired regarding the nature of this heavy blow. The King said Mr. Dulles was well acquainted with it from the reports he was receiving. Mr. Dulles requested further explanation.

The King then said he would frankly relate what he had on his mind. At the same time he did not want to bother his friends by asking them for something that could not be done; but if his friends had deserted him, he wished to know what the situation was. Mr. Dulles replied that, in fact, the U.S. had not deserted him, and that this visit to Saudi Arabia was proof of what he was saying. The King then said that Saudi Arabia had treated America sincerely and cordially on the basis that America would be firm in its friendship toward Saudi Arabia, that it would not change its policies according to circumstances, and that both countries would be working toward one aim. Upon Mr. Dulles' request for further explanation, the King replied that, as Mr. Dulles knew, Saudi Arabia had enjoyed an old friendship with the British, and that the British would change their policies amazed him. The King continued, saying Saudi Arabia had learned that this change of policy by the British was the result of the friendship of Saudi Arabia with America, particularly after Saudi Arabia had given the oil concession to the U.S. As a result, the British had adopted a counter policy and had begun to chase Saudi subjects from their own country. (The King was referring to the Buraimi situation. [2]) The King added he was sure that Mr. Dulles, as Secretary of State, was well acquainted with the dispute between Saudi Arabia and Britain, particularly as it had been explained by his son Faisal when he was in America, and he had been expecting to hear from Mr. Dulles for some time about it. The King said that the British used to call him "a man of the black night," but that now they were calling him an aggressor. The King continued, saying that for a long time he had been explaining to America the dispute existing between him and the British, but with no result. The King said he was sure Mr. Dulles would not give him false promises and hollow words, as he was weighing so carefully what he was saying.

Mr. Dulles said that when Prince Faisal was in America they discussed this subject and exchanged notes with Mr. Churchill and Mr. Eden when they were in Washington. He said the U.S. urged the British not to take any aggressive measures and to take action which would maintain the prestige and the honor of the King. The King said all he wanted to do was to maintain his rights. Mr. Dulles said it was possible for the U.S. to use its influence but it was not in possession of the authority to dictate policy to any other state. The King replied that, such being the case, he was sure Saudi Arabia's rights would be lost and that the obligation given by the U.S. was of no value. Mr. Dulles again reiterated that although the U.S. was using its influence with the British, the U.S. could not dictate policy to them, any more than it could to Saudi

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[2] For documentation on the Buraimi boundary dispute between the United Kingdom and Saudi Arabia, see Documents 1466 ff.

Arabia. Mr. Dulles added, however, that the U.S. had some influence with the British, and he considered that the subject had not yet been closed. The King said all he wanted to do was to determine who the aggressor was and to stop him. Mr. Dulles said the U.S. was not the lord of the world, but only one country. The King said all he wanted was for the U.S. to execute its promises given in the letter sent to him by President Truman and confirmed by President Eisenhower. Mr. Dulles requested that the King permit him to discuss the details with the Ambassador, as he would like to know about this letter. The King said he could discuss it with the Ambassador and meet tomorrow with the people of Saudi Arabia to discuss the subject again. Mr. Dulles commented that President Eisenhower had taken over the duties of President only three months ago and, although working extremely hard, had not acquainted himself with everything.

Mr. Dulles then said that before taking leave of the King, he would like to express his thanks for his kindness and hospitality. He said President Eisenhower had sent with him a simple gift, from one friend to another. After the King had accepted the gift, Mr. Dulles said Mr. Stassen and all of his group joined him in expressing thanks for the generosity and welcome, by which they were overwhelmed. Mr. Stassen remarked that he would like to join the Secretary in expressing thanks. He continued, saying that having heard what was on the King's mind, he believed it would be of help in studying this situation which was of such great concern to the King. The King then said, addressing the American group, that the main point was that *they* were not living up to their promises and that if the British had a single proof that the area under discussion was theirs, he was ready to accept such proof. But that, on the other hand, he had the proof that the area was his father's and forefathers' for over five hundred years. Mr. Dulles then asked permission to depart.

No. 35

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Saudi Arabia [1]

SECRET
ST D-7/1

RIYADH, May 18, 1953—10 p. m.

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[1] This conversation took place at Riyadh.

Subject: Saudi Arabia

Participants:

United States	*Saudi Arabia*
The Secretary	Crown Prince Saud
Mr. Stassen	Prince Faisal, Foreign Minister
Ambassador Hare	Shiekh Yussef, Deputy Foreign Minister, and advisors
Mr. Byroade	
Mr. MacArthur	
Interpreter	

Summary

Crown Prince Saud welcomed Mr. Dulles and his party and expressed pleasure over the opportunity to talk to them personally about matters uppermost in Saudi minds, even though Prince Faisal had done this in detail when in Washington. It was desirable, His Highness continued, to rediscuss the same subjects frankly, because frankness was the only basis on which these problems could be worked out.

The U.S. representatives, he said, were aware of Saudi Arabia's friendship toward America and of the fact that she was placing great hope on this friendship and was hoping for more and more to come out of it. He then pointed out that there were two points to discuss. First, the American Government's readiness to fulfill the obligation given by the previous President of the U.S. and reaffirmed by President Eisenhower. Second, the attitude of the United States toward the British. He then inquired whether the final U.S. attitude was in favor of the British or whether the U.S. expected more details from Saudi Arabia in order to reconsider? His Government, Prince Saud continued, did not know whether Saudi Arabia had yet gained the friendship of the U.S. and whether the U.S. would support her. If not, he said, Saudi Arabia would have to find some other way to maintain her interests. He requested the Americans to express their attitude toward Saudi Arabia in frankness and said that on the basis of such an expression of attitude, Saudi Arabia could establish her policy. He noted that this was a summary of what Prince Faisal had explained to the Americans in detail and a subject on which his Government was still awaiting a reply.

Prince Faisal remarked that what Prince Saud had said in connection with the dispute between Saudi Arabia and Britain [2] was not the only subject which they would like to discuss. He said there was still another question, but they wished first to know the attitude of the U.S. regarding the dispute before proceeding to the next discussion.

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[2] For documentation, see *Foreign Relations*, 1949, vol. VI, pp. 91 ff.

Mr. Dulles replied that the dispute did not appear to be a matter which would be covered by the promises given in the letter sent by President Truman. Prince Saud said on the contrary, his Government believed it was included, because the letter guaranteed against any aggression toward Saudi Arabia, and the forceful action taken by the British in the area being discussed was considered to be real aggression. Mr. Dulles replied that the letter, as he recalled it, stated that the U.S. would be interested in the continuance of the integrity and independence of Saudi Arabia and that any aggression against Saudi Arabia would be of concern to the U.S. Mr. Dulles added that a dispute such as the one over Buraimi appeared to him to be confined only to boundaries and could not be included under the heading of aggression. This divergence of views regarding the nature of the Buraimi dispute, he continued, was similiar to the difference of views which took place between many countries, as it had between America and Canada and between America and Mexico.

The Crown Prince replied that this was not a boundary dispute but was an aggression against the Saudi Kingdom. He and his Government considered it aggression, because that area had been in possession of the King's fathers and forefathers; and he said that if America would not accept Saudi proof, there was nothing more to be done. Prince Saud expressed the view that the British would not agree to a plebiscite because they knew the people living in that area were subjects of Saudi Arabia and, if a plebiscite were carried out, the whole of the population would be on the Saudi side. Mr. Dulles said that, according to his knowledge, the British did not like to claim anything by force and that the claims of the British were based on certain documents which they were ready to present to a neutral party for study. Prince Saud replied that, on the contrary, all the British had done in the area under discussion was to take forceful measures, even resorting to terrorism; and he said he believed that the American Ambassador had described these actions. The British had stopped food supplies to his people, thus killing his people by starvation, and they had even killed innocent people, he said. Mr. Dulles replied that he understood the King was exchanging communications with Mr. Churchill. The Prince said this was true but that the British were trying to dictate to Saudi Arabia, particularly when they knew that the friends of Saudi Arabia (the Americans) had deserted them. Mr. Dulles said it was not true to say that the Americans had deserted Saudi Arabia, and that any group that presented a claim supported by certain documents, expressing at the same time their willingness for neutral consideration of the facts, was not planning to resort to forceful measures. Prince Saud said treatment of the documents which were in the hands of the British constituted forceful action: violation of agreements and cancellation of a bilateral agreement, the cancellation being by consent of the British only. He referred to an agreement signed in Riyadh by Saudi Arabia and the British and pointed out that Saudi Arabia had accepted the British point of view in refusing the suggestion for a plebiscite and had accepted the British proposal for arbitration. They had done so under pressure from the British, at the same time expressing their willingness to strive for a peaceful solution. But in spite of all that, continued the Crown Prince, the British insisted and continued to insist on forceful measures. So how, he asked, could the dispute be settled in such an atmosphere?

Mr. Dulles said he would like to remind Prince Saud again that it was not true to say the U.S. had deserted Saudi Arabia. Prince Saud did not know of the endeavors America had made and the influence used with the British in attempting to reach a peaceful solution, he continued. It was his understanding, he said, that the King had submitted to the British a strong suggestion for solution of the dispute; and he reiterated that the U.S. would continue to use her influence to bring about an acceptable settlement. Prince Saud said all he wanted was to obtain a peaceful result, but the British would never hesitate to continue use of aggressive action. Mr. Dulles inquired what His Highness would suggest the U.S. do? Prince Saud replied all he wanted was that America use her influence with the British to stop their aggressive action, withdraw their forces, discontinue the siege of the country, and stop terrorism in order that the dispute could be solved in a friendly atmosphere. Supposing that America requested the British to do these things but that the British would not comply, what should we do then? Mr. Dulles inquired. Prince Saud ignored the question and said in view of the considerations discussed, it was requested that the U.S. live up to her promises and obligations. If the British were claiming that they are defending the Buraimi area on the basis of a request from the Sultan of Muscat (on the basis of an agreement concluded between them and the Sultan), continued the Crown Prince, Saudi Arabia expected at least that America would fulfill its promises and stop British aggression against Saudi Arabia.

Mr. Dulles said he would not like to miss this chance to comment and state that America had not failed in her obligation, because she *had* used influence with the British. President Truman's letter stated that any aggression against Saudi Arabia would be of concern to the U.S., he continued, and this was the fact. The existing dispute was of concern to the U.S. at this time. However, the letter did not say that America had to engage in war with Britain under the circumstances of such aggression as Saudi Arabia claimed. Mr.

Dulles asked Prince Saud to tell him frankly whether it was in the interest of America and Saudi Arabia that America engage in war with Britain? The Crown Prince replied by asking whether it was in the interest of America that the British take aggressive action against Saudi Arabia? Mr. Dulles said no. Prince Saud then asked what the solution would be in case of such aggression? Mr. Dulles said if His Highness were to go on a tour around the world, he would learn that there were about 25 cases like Buraimi. All were boundary disputes. If these cases were to be determined by war, he continued, then the result would be that the world would be destroyed. The Crown Prince then asked Mr. Dulles what course Saudi Arabia should follow in order to maintain her rights and honor? Mr. Dulles replied that such disputes could be settled by legal arbitration. At the same time, there must be a stand-still policy in order that neither of the two groups would take advantage of the other during the period of arbitration. He added that the U.S. was directing its policy toward this aim. Prince Saud said this was an acceptable idea, and that Saudi Arabia was ready, in case it were proved that she was using forceful measures to stop such measures. But if the other side were using such forceful measures, they must be stopped. Mr. Dulles said that according to his information, the British were not using such aggressive measures. He went on to say that this was not the only case in which the U.S. had this difference of views with Britain, and the United States could not be sure the British would accept suggestions. In the House of Commons there was criticism of American policy. Prince Saud inquired what the attitude of the U.S. would be if the British refused a suggestion? Mr. Dulles replied that, in such a case, the U.S. should not enter into a war against the British; a war with Britain would be a great catastrophe. The Prince said he did not want a war with Britain, all he wanted was that the U.S. stop Britain from aggressive action. Mr. Dulles said he believed there was still a chance to settle this problem by cordial and peaceful means, and he would not fail to exert his efforts to bring about a friendly solution. He added that he would continue to study the matter and report on it to his Government, and that at the same time he would continue his efforts with the British to effect a peaceful solution.

The Crown Prince inquired what the U.S. attitude would be if the British persisted in their aggressive attitude? Mr. Dulles replied that was a question he could not answer, because according to the U.S. Constitution, in order to engage in war Congress must make the decision; and he could not make any promises. At the same time, he pointed out, President Truman's letter only stated that in case any aggressive action were taken against Saudi

Arabia, it would be of *concern* to the U.S. Prince Saud then inquired what the attitude of the U.S. would be if a war were started against Saudi Arabia? Mr. Dulles replied that he could do nothing without the approval of Congress. He did not expect war by Britain against Saudi Arabia, Mr. Dulles remarked, but in case there were any aggressive action by any enemy against Saudi Arabia, he would present the whole matter to Congress. At the same time, in a case of aggressive action, Saudi Arabia could submit her case to the UN. Prince Saud said he frankly believed that this matter was so tremendously important to Saudi Arabia and the existing situation so dangerous, that these replies were pushing his government to find some other way by which it could maintain its interests. As far as the UN was concerned, he believed the UN had not yet been able to solve its problems. Mr. Dulles said he would like to reassure His Highness that the U.S. was acting with a spirit of friendly ties, especially with Saudi Arabia. It was of mutual interest, he continued, that the activities and endeavors which the U.S. had made not be disclosed lest such disclosure create further reaction from Mr. Churchill. If His Highness could see what had been done and what was being done, he would believe that the U.S. had exerted a real effort for the sake of the Kingdom of Saudi Arabia. The Crown Prince inquired what the result of this effort was in influencing the British? Mr. Dulles replied by stating that he believed up until now the matter was not yet finished.

The Crown Prince said he had expressed himself frankly because he wanted to know clearly the attitude of the U.S. and because he was responsible for his people. Mr. Dulles replied that he had answered with great frankness and that he had nothing to add and nothing to hide, except to say that up until now the U.S. had not disclosed the extent of her efforts and he could not now obligate himself to anything.

Prince Saud said now that he had explained everything, Mr. Dulles might wish to submit the matter to the President, which would give him a chance to submit it to his government; and he would wait for a reply. Mr. Dulles said this situation was very critical and was similar to that in Egypt, although there were no obligations toward Egypt as there were toward Saudi Arabia. He was trying to reach a solution to this dispute, with the understanding that Mr. Churchill was a difficult man to deal with. The Crown Prince said a reasonable and strong man would always try to arrive at an acceptable result. Mr. Dulles said that was true if the man were dealing with a person like His Highness or himself.

Mr. Stassen stated that he knew Mr. Dulles was a man of experience and wisdom in dealing with such subjects and that he was now commencing his study of the subject from all angles in order to reach an acceptable solution. He believed, he said, that his friends in Saudi Arabia would not find in Mr. Dulles negative conclusions. He added that both of them were working for a President who was well known for his experience, foresight, wisdom and special friendly feeling for Saudi Arabia. Mr. Stassen concluded by thanking His Highness for giving him a chance to express his comments. Prince Saud said he was placing great hope on this study, on Mr. Dulles' wisdom and experience, and on the belief that Mr. Dulles was not deserting his friends. Mr. Dulles replied that after such a day, which was crowded by all these meetings and work which would resume tomorrow, he believed this meeting and these talks were fruitful. The Crown Prince said it was Saudi Arabia's great hope to come to good results. Mr. Dulles added that at the same time he hoped that the Saudis would continue discussions with the British, and he said he would push the British to come to an acceptable and reasonable solution.

No. 36

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Saudi Arabia [1]

SECRET

RIYADH, May 19, 1953—10 a. m.

ST D–7/2

Subject: Saudi Arabia

Participants:

United States	*Saudi Arabia*
The Secretary	Prince Faisal, Foreign Minister
Mr. Stassen	Sheikh Yussef, Deputy Foreign Minister
Ambassador Hare	Khalid Bey
Mr. Byroade	
Mr. MacArthur	
Interpreter	

Summary

Mr. Dulles opened the conversation by stating that although this was a short trip, it had been a very fruitful and useful one. He had been able, after talking with His Majesty and Crown Prince Saud, to formulate some ideas about the problem the Saudis had on their hands. Mr. Dulles added that the U.S. had been of help in the past, and he hoped she would be of great help in the future.

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[1] This conversation took place at Riyadh.

Prince Faisal replied that he and his government were pleased to have Mr. Dulles, Mr. Stassen and their group here personally, so that the Americans could listen with their own ears to the subject which he discussed with the Secretary in Washington and so that they could appreciate the feeling of His Majesty in connection with this matter, which had reached a degree that surpassed his feeling about all other matters existing between the Saudis and the Americans. Prince Faisal said he did not wish to reiterate what all of them had heard last night; what was important now was to find a way to reach a satisfactory solution in this matter, either through the reports from the American Ambassador in Jidda or from the Saudi Arabian Ambassador in Washington. Prince Faisal said he did not know whether Mr. Dulles would like to see the texts of the communications exchanged with Mr. Churchill in connection with the matter?

Ambassador Hare asked if such documents were available here? Prince Faisal said yes, and he believed that seeing the texts personally might furnish greater explanation to those present. Mr. Hare said it was his understanding that the treaties between the British and the Sheikhdoms did not delineate the frontier; they concerned only the relations between Britain and these Sheikhdoms. The Ambassador said he understood also that the treaties concluded between the King and the British did not delineate the boundary, and that the boundary problem was supposed to be studied later on. Prince Faisal replied that he believed that when these treaties were concluded there was not a single thought that there would be even a single dispute about boundaries. All that was considered was that the treaties between Britain and these Sheikhdoms would be respected. Ambassador Hare remarked that the boundary problem, therefore, was still hanging. Prince Faisal said despite the fact that the boundary problem was not discussed at that time, the Saudis had been and still were exercising their jurisdiction in the area; and since 1934/5 the boundary problem had been discussed, but nevertheless nothing was discussed about the Buraimi dispute. He added that when he was in London he requested the British to have the Sheikhs concerned attend the Damman Conference, [2] but that the British only brought in the Sheikhs of Qatar and Abu Dhabi; the Sultan of Muscat was not brought in. This was clear evidence, he said, that the Buraimi problem was not a question of dispute with the British. Prince Faisal said also that the question of the frontier between Saudi Arabia, Qatar, and the Sheikhdom of Abu Dhabi was a subject of discussion. But, he said, we have never heard any mention about the Buraimi dispute.

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[2] For documentation on the Damman Conference, see Documents 244 ff.

Mr. Dulles said that for some time the U.S. had used its good office with Britain in order to reach an amicable and honorable solution; and he believed that after this visit, during which he had collected a lot of information, the U.S. could do more. Prince Faisal said he had explained and shown to him the documents and communications exchanged with Mr. Churchill and that Mr. Dulles had, of course, gotten a good idea about the situation now. He may have gathered that the Saudis desired to reach a solution with the British because it was the Saudi policy to maintain peace. But, he continued, with great regret there was no echo or any positive attitude on the part of the British. They asserted peaceful measures, but they had and were still committing forceful measures in the area. He would not put himself in the position of reciprocating such forceful acts as those committed by the British. At the same time, although Saudi Arabia was not of the same power as Britain, she would be able to create some trouble for Britain in that area, disregarding the ultimate results. He said the desire to maintain stability had motivated the Saudis to control themselves, but, of course, there would be an end to such self control. All he wanted from the U.S. was that she put an end to this disturbing action committed by the British, in such a manner that the result would not be displeasing to Saudi Arabia, to the U.S., or to the British themselves.

As an afterthought, Prince Faisal added that he had received a telegram that day from the Amir in Buraimi, Turki Bin Itaishan, in which it was stated that the camels which were being used for milk and flesh had been confiscated by a British patrol. This, said the Prince, was one of the annoying acts which the British were committing in that area, disregading the fact of Mr. Dulles' presence in Saudi Arabia. Mr. Dulles said that he noticed from the Churchill letter that Churchill would permit Bin Itaishan to get his food supply from the local market in Buraimi. Prince Faisal replied that such permission by Mr. Churchill was supposed to be effective at the time the arbitration committee would be performing its duties. But what, asked the Prince, would be the situation between now and then? And particularly, what would be the situation in connection with the population of Buraimi itself? How, he asked, could they get their food supplies if the British are besieging and blockading the area? Prince Faisal said, he was sorry the British were creating these problems at this time, when the whole world was in need of order and stability. They were creating such problems in connection with a simple matter which was of no importance. Of what interest would it be to Britain if the whole of the area of Buraimi were stricken from the map, he asked? What would be the advantage to Britain in clinging to Buraimi, or the harm to Britain if she forgot about Buraimi? He added that he could not understand this British policy. While Britain was trying to force America to accept certain demands regarding communist danger on the basis that such acceptance might help stability in the world, he said, she was at the same time creating in other parts of the world certain problems which would not help in maintaining stability. Prince Faisal said he believed that if Mr. Dulles had any suggestion or any idea about solving this problem, his government would be ready to adopt it. Mr. Dulles replied that he would get in touch with the British in this connection and let him know. Prince Faisal said there were certain points that he would like cleared up, so that they might be used in reaching an amicable solution: (1) The British must execute their commitments under the London agreement and the stand-still agreement. (2) Saudi Arabia must be on equal footing with Britain in that area until this problem had been solved. (3) This problem must be solved in accordance with what was agreed upon with the British Ambassador (he referred to a joint statement lately made by Saudi Arabia and the British Ambassador in Riyadh).

Mr. Dulles said he believed that Saudi Arabia, in accepting the principle of arbitration, was following an important and helpful approach. Prince Faisal said he was pleased to know this willingness and desire to come to a peaceful solution by accepting the principle of arbitration was appreciated. He was motivated, he continued, by the desire to maintain stability and friendship with Saudi Arabia's friends. Mr. Dulles said this was very important. Prince Faisal then remarked that the Buraimi problem did not need any more explanation.

Introducing a new subject, Prince Faisal said it was fortunate that there were certain points concerning the Saudi Kingdom and the U.S. which did not concern Britain. Sheikh Yussef added that Prince Faisal was referring to the military aid which Saudi Arabia would like to continue. Part of this military equipment had already arrived in Saudi Arabia, he said, but according to the information received, some of it was not in good condition. Saudi Arabia was interested, he continued, in accordance with what had been agreed upon, to receive good military equipment. Sheikh Yussef said that some of the armored cars had only traveled about 50 km and then stopped.

Prince Faisal said that when he was in Washington [3] Mr. Smith told him there were certain arrangements to be made, and that there was a projected agreement to be sent to Ambassador Hare for discussion with the Saudi Arabian Government. Sheikh Yussef said that Ambassador Hare had already told them about it, but that they had not yet received anything.

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[3] For documentation, see Documents 242 ff.

Mr. Stassen stated that the U.S. was in the process of preparing the 1954 aid program for presentation to Congress, and he added that he believed President Eisenhower had told Prince Faisal that he had found Saudi Arabia eligible for grant aid, and that part of the present trip was to study the whole situation in connection with granting military aid to Saudi Arabia. Mr. Stassen said that when such information had been placed in the hands of President Eisenhower, action would be taken in the light of further reports which would be received from Ambassador Hare in connection with military equipment sent to Saudi Arabia. The whole subject, Mr. Stassen continued, would be studied from every angle and would then be presented to President Eisenhower. He said he believed that the recommendations which would be submitted in connection with the military aid program under the Mutual Security Act would parallel the policy of the Secretary of State. When a decision had been reached, it would be submitted to His Majesty's government. Mr. Stassen added that he believed that after this step had been taken by the group on this visit, the discussion of this subject would be satisfactory and it would be reported either through the American Ambassador in Jidda or the Saudi Arabian Ambassador in Washington.

Prince Faisal said Mr. Smith told him while in Washington that President Eisenhower had decided to grant to Saudi Arabia special aid apart from that offered the Middle East in general and that the program of this aid would be sent to Ambassador Hare to be presented to the Saudi Arabian Kingdom after such program had been processed by Congress. Mr. Smith, related the Prince, said that in this program which was being submitted to Congress for 1954 there was aid for the Middle East. As part of this program, there would be an arrangement for the defense of the area against the communist danger.

Mr. Dulles said there were two points in approaching the question of military aid: (1) The general view which is based on aid for the whole area and which requires an understanding among the states of the Middle East area of their responsibility in its defense. (2) The approach to each country separately. Under this approach Saudi Arabia had been one of the countries found eligible for such aid. Saudi Arabia would be included in the general aid or the separate aid. Mr. Dulles desired the Saudi Arabian Government to understand that the American Department of Defense was anxious that this military equipment would be used in the best possible way, due to the fact that there were great and unlimited demands for military equipment at the present time. It was very difficult to estimate the demands which were submitted to the U.S. for military equipment. In addition to this fact, there was an actual war in Korea which was consuming great quantities of military equipment and ammunition, either for the American forces, the Southern Korean forces, or the UN forces.

If the war were stopped, this would reduce the demands for military equipment; but events did not prove that the war was going to be stopped. If the truce negotiations failed, the U.S. might have to double her military efforts, and as a result there would be an increased demand for military equipment. There were also the forces in Formosa. The new Administration had learned that the people in Formosa had been promised certain military equipment by President Truman but that only 30 per cent had been recognized. There was also the war in Indo China which required military equipment. When the last invasion was carried on in Laos, the U.S. sent more equipment to the people fighting there. At the same time, the U.S. was responding to demands for more military equipment from the members of the Atlantic Charter, such as Norway which was threatened by Communism. There was also a demand for military equipment from Turkey and her allies. In giving these explanations to the Saudi Arabian Government, Mr. Dulles said, it did not mean that the U.S. would not be able to help Saudi Arabia, but it meant merely that the U.S. had certain pressures for military equipment. The military experts had the last word as to which area should be offered preference for military equipment.

Mr. Dulles said it was evident that there was desire for collective defense in this area and that supplying military equipment for collective defense in this area was easier than supplying each country separately. He also believed, he said, that the program for the Middle East defense as it had been submitted did not mean that it must be accepted in the way it was presented. The whole aim of the project was to defend the area. It was up to the states of the area to come to an understanding on the way of defending the Middle East. In fact, the United States was motivated by the desire to unite the different, small states in order that they could defend themselves collectively. The Communist threat which we were facing now was also a result of a unity of different states like Czechoslovakia, Poland, etc.; but the difference was that these states were united by force. Nevertheless, they formed one-third of the whole population of the world. Such unity had to be faced, but the U.S. did not like to form her unity in the way the Communists had formed theirs. The U.S. would prefer that such unity be formed by means of understanding and satisfaction. Of course, this did not mean that the U.S. would request the free states to form a collective security solely to face the Communist threat. Such cooperation included all mutual matters to defend the country. And as far as the integrity of these countries was concerned, Mr. Dulles said, it must be maintained. America therefore hoped that such collective cooperation for defending the area would be increased, and America did not state, as a condition for offering arms to these countries, that they must accept the idea of a defense project. However, any collective cooperation among these states would help in complying with the demands for military equipment.

Prince Faisal said he was greatly appreciative of Mr. Dulles' explanation, and Saudi Arabia recognized the responsibilities which were assumed by the United States. As to what Mr. Dulles had stated in connection with collective cooperation, the Arab League had lately decided to execute the Collective Security Pact.

Mr. Dulles said there was a point which he would like to refer to as evidence of cooperation. This point was the useful cooperation between the Saudi Arabian Government and Aramco. It might be that there were certain impressions given during the recent political campaign that the United States was not pleased with the relationship existing between Aramco and Saudi Arabia, but this was merely a domestic question which had to do with the political campaign. The U.S. was in fact very pleased and happy over the friendly relations and cooperation existing between Aramco and Saudi Arabia, and was also appreciative of the facilities offered at Dhahran Air Field. As a result of these points; the U.S. felt that the Government of Saudi Arabia was actually participating in mutual security activities, and Saudi Arabia's cooperation in this field was appreciated.

If the U.S. gave any preference to any state by means of grant aid, Mr. Dulles said, it did not mean that she was basing her claim on regional worthiness but on the strategic requirements of that country. The U.S. always took into consideration the situation of that country and the circumstances in existence. In fact, there was only one division now in America while there were six in Germany and two in Japan. Mr. Dulles said he believed that defense of the United States must be made outside the United States, and this was why we were distributing U.S. forces. It was his desire, he said, that the King and His Highness understand that military aid was only offered on the basis of the military recommendation and not on the regional basis. If it were to be granted on the regional situation, the U.S. would have brought all her forces into the United States. The U.S. was also preparing defense of the United States alone, but she was preparing for the United States' friends too. Mr. Dulles reiterated that His Highness must not get the idea that the U.S. was not ready to give military aid to Saudi Arabia.

Prince Faisal replied that it was a pleasure to hear from Mr. Dulles an expression of appreciation for cooperation given by His Majesty's Government, which was considered as actual participation in mutual security activities. This at least would give the feeling that Saudi Arabia and the U.S. were real friends and would give the Saudis the right to request from her friend what she needed. But, of course, Prince Faisal added, America could not send all of her forces all over the world; and America had to gain strong friends who would be on her side and would be able to defend themselves; and in that case the United States had to offer military aid to these friends. This would save the United States the trouble of sending its forces abroad. Any collective cooperation in any area must be homogenous, he continued. This was why he desired to settle the whole problem of the Arab countries and to solve them, in order that there would be a very good atmosphere suitable for automatic cooperation among these countries for collective defense. He was sure that Mr. Dulles and his group had touched personally during their visits the situation existing in the Arab countries, and that they had felt the extent of the effect of these problems. For example, they had had an idea of the Egyptian problems, and they had understood them clearly. He personally had invited the British not to repeat the story of Iran and Egypt. He believed that the situation existing in Iran now was a result of the unwise policy followed by the British. One must not forget that there was also the question of the Arabs of Palestine, which, of course, needed an immediate solution. This was just a bleeding wound and he did not want to enter into any details about the subject because it was well understood by Mr. Dulles and the United States Government. There was also the problem of the Arabs in North Africa and the terrorism spread over it by the French people. He believed that this question, if not worse than any other problem, was at least equal. The people were living in very bad conditions, but, he said, he believed that the U.S. had more information about it than Saudi Arabia had. Prince Faisal added that this was generally what the Saudis had in mind in addition to her major problem, which was the Saudi-British dispute. Mr. Dulles answered that he appreciated greatly all the points mentioned by Prince Faisal.

Mr. Stassen stated that he was personally interested in the military equipment sent by the United States to Saudi Arabia. He added that if there were anything wrong with it, a report should be made to the United States Government through the American Ambassador.

No. 37

Conference files, lot 59 D 95, CF 156: Telegram

The Ambassador in India (Allen) to the Department of State

CONFIDENTIAL NEW DELHI, May 20, 1953—10 p. m.

4208. Secretary and party arrived on schedule at 7:30 a. m. At 9:30 a. m. he placed wreath on Gandhi memorial at Raj Ghat. At 11 a. m. I took Secretary, Mr. Stassen, Mr. Byroade, Mr. MacArthur for courtesy call on Prime Minister. Conversation was informal and general, with Nehru in genial frame of mind.

At 3 p. m. Secretary and Mr. Stassen made courtesy call on Finance Minister Deshmukh and at 3:30 p. m. there was full discussion of five year plan with Planning Commission. Secretary pointed out that US administration had examined plan and supported it. He explained that in order to obtain appropriations from Congress for foreign aid, he and others in his group wished to learn as much as possible regarding actual working of plan to justify American help. Stassen, Byroade and Matteson continued discussion.

Stassen asked searching questions ranging throughout scope of plan, including contribution expected from Commonwealth countries. Stressed importance expeditious industrial development and stimulation private sector, and drew out responsive answers from Deshmukh, Nanda and Krishnamachari. Questioning likewise stressed educational improvement and importance progress with land reform.

Secretary is meeting Sir Girja Bajpai this afternoon. Later he will record a radio greeting to Indian people and this evening Prime Minister will entertain him and his party at large dinner, which also will be attended by many Cabinent members and other officials.

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No. 38

Conference files, lot 59 D 95, CF 156: Telegram

The Ambassador in India (Allen) to the Department of State

CONFIDENTIAL NEW DELHI, May 21, 1953—9 p. m.

4226. Secretary had talk yesterday with Sir Girja Bajpai, Governor of Bombay, [1] whom Nehru had brought to Delhi for that purpose. Bajpai gave lengthy explanation of Indian foreign policy, excused India's failure to understand United States policy on grounds of immaturity and inexperience of Indian press and people. He declared that India would never go Communist. He said Indian authorities were aware that Red China had shown expansionist tendencies and that India was taking due precautions to defend its Eastern and Northern frontiers.

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[1] No memorandum of this conversation has been found in Department of State files.

Last night Nehru gave state dinner for Secretary and Mr. Stassen at which 50 top officials Indian Government were present. After dinner Nehru arranged for various Cabinet Ministers to chat with each individually.

Today Secretary spent nearly two hours alone with Prime Minister. Conversation covered wide range subjects and will be continued at luncheon tomorrow. (Summary conversation in separate telegram.)[2] Atmosphere was friendly and he considers talks were useful.

He and members his party lunched with senior officials of External Affairs Ministry and tonight he will attend reception I am giving largely for Indian Officials.

May 22 he and certain members party will fly in Indian Air Force plane to Agra,[3] return in time for half hour press conference[4] at 1230, lunch with Prime Minister, and enplane for Karachi about 1500. I shall accompany him on trip to Agra.

Messrs. Stassen and Matteson visited Punjab villages with TCA officers morning May 21, joined luncheon group, and spent afternoon conferring with Indian officials on various subjects including canal waters dispute. They will not make Agra trip but will continue conferences in New Delhi morning May 22.

Secretary received Afghanistan Ambassador Najib-Ullah May 19, who explained to him Afghanistan interest in Pushtoonistan.[5]

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[2] Memoranda of conversations, *infra* and Documents 40 and 41. Telegram 4237 from New Delhi, May 22, not printed.

[3] Telegram 4248 from New Delhi, May 22, reported the Agra trip had been cancelled because of a dust storm.

[4] Telegrams 4241–4245 from New Delhi, May 22, reported the full text of the Secretary's press conference.

[5] Telegram 638 from Kabul, May 11, informed the Department of State of a request by the Foreign Minister of Afghanistan for the Secretary of State to confer with the Afghan Ambassador to India when he visited New Delhi. The telegram reported that "Najibullah allegedly one of most ardent advocates 'free Pushtoonistan' and in absence specific list of 'problems' for discussion I assume he will broach Pushtoonistan issue vigorously to Secretary State." Telegram 919 from the Department to the Secretary in Amman, May 13, advised the Secretary to give some recognition to the Afghan request, in light of "implied Afghan fear that Secretary will get distorted view Afghan-Pak relations because of failure visit Kabul while spending two days Karachi." The Ambassador in India concurred in the request for the

Continued

No. 39

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Secretary of State [1]

SECRET NEW DEHLI, May 21, 1953—11:30 a. m.

ST D-8

Subject: India

Participants: Prime Minister Nehru
Secretary Dulles

1. Mr. Nehru emphasized India's need to create internal unity. There was danger that the country might fall apart. Independence had brought many exaggerated hopes, and it was easy to arouse discontent. That is why India concentrates upon its own internal economy and such topics as the Five Year Plan. India cannot risk renewed starvation.

2. India has almost no contacts, economic or political, with the Government of Soviet Russia. The contacts of the Indian Communist Party are largely via England rather than direct. The Indian Communist Party originally treated the Chinese Communists as "deviationists" and only within the last two years changed their attitude under instructions from Moscow. The Indian Communists had made alliances which gave them considerable political success in certain areas, but their political allies are tending to separate from them.

3. China, like Soviet Russia, is going through an expansionist phase. This is not wholly due to Communist rule. The Communists are accepted as rulers, because they provide a measure of internal order, but most of the Chinese are not themselves Communists. Almost assuredly Communist China will divorce itself from Soviet Russia within 15 or 25 years. Already the ties are weakened by the death of Stalin. The Soviet Union, while pretending to want the admission of Communist China to the United Nations, does not want this in reality because it wants to keep China dependent upon the Soviet Union as its spokesman. The material dependence of Communist China on Russia has increased during the last two years largely because of the Korean War. Probably China would want to

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Secretary to see Najibullah, in telegram 4121 from New Delhi, May 14. Telegrams 698 and 699 from Damascus, May 15, advised the Department that Dulles would meet with Najibullah in New Delhi. No memorandum of the conversation has been found in Department of State files. Documentation is in the Conference files, lot 59 D 95, CF 156. For documentation on the question of Pushtunistan, see vol. XI, Part 2, pp. 1365 ff.

[1] This conversation took place at the Office of the Prime Minister.

build up itself economically before engaging in any major aggression.

4. India has a two thousand-mile frontier with China and has a deep concern with its relation with China. India has proclaimed that the Himalayas are its frontier and that it will not tolerate a penetration to the south. This has particular reference to Nepal. India still maintains approximately 250 troops in Tibet with the acquiescence of the Chinese government. India does not particularly fear aggression via Burma. The Chinese could easily penetrate into Burma but they could not easily move on into India. It does not appear that the Chinese now have any aggressive designs against Burma, otherwise they would have taken advantage of the presence in Burma of the Chinese Nationalist troops which gave them a ready pretext.

5. Indo-China is an area where Indian and Chinese influences have always converged. Mr. Nehru thinks that the fighting in Indo-China is more of a native than of a Chinese Communist origin. He seemed rather unconcerned about the fate of Siam, stating that Siam had always had an unstable government.

6. Mr. Nehru feels that a high-level conference of world leaders would serve a useful purpose and a beginning of relaxation of tension, but feels that this should not occur prior to a Korean armistice and perhaps the conclusion of an Austrian treaty which he said should be quickly obtainable. Mr. Nehru feels that the new generation of Russians is more interested in economic improvement than in expansion. Thus he believes that recent changes of tactics by Soviet leaders may have more than superficial significance.

7. Mr. Nehru spoke of the importance of disarmament. I stated the President had already taken action which could, if the Soviet responded, end the so-called armament race. He had cut Truman's defense budget on theory of having a military establishment compatible with economic health rather than based on arms to match the Soviet military establishment. If the Soviet would cut its military budget in accordance with the same principle applying more of its economic productivity to the welfare of the people and less to armament then a start to reverse the present trend would have been made and this might be more productive than the disarmament conference which had almost assuredly bogged down in attempting an impossible task of trying to evaluate mechanistically the various military potentials.

8. We discussed the Korean armistice. I stated that our latest proposal contemplated the exclusive use of Indian troops to take custody of prisoners not desiring to be repatriated and that I hoped that India would accept this responsibility. Mr. Nehru indicated ac-

quiescence. Mr. Nehru urged the importance of concluding an armistice, stating that he feared otherwise the fighting would extend. I agreed with his estimate. stating that if the armistice negotiations collapsed, the United States would probably make a stronger rather than a lesser military exertion, and that this might well extend the area of conflict. (*Note:* I assumed this would be relayed.) I said that we were, however, sincerely trying to get an armistice and that only crazy people could think that the United States wanted to prolong the struggle, which had already cost us about 150,000 casualties and 10 to 15 billion dollars of expenditures. Mr. Nehru said that he completely accepted the proposition that we wanted an armistice and not to prolong the war. I said that the problem of dealing with the Republic of Korea was one which apparently most people overlooked. It could not be overlooked because the ROK had a moral interest and also a material position which could not be ignored. If in disgust their troops stopped fighting, that could presage not an armistice but a great military disaster for the United States forces there. Also if they decided to go on fighting, there could be no armistice. That is why we had introduced the proposal for an immediate freeing of the North Koreans who did not want to be repatriated. This was strongly desired by President Rhee, and would make the armistice more acceptable. In fact the North Koreans had already acted in this same way as regards South Korean POWs. We were, however, still striving to find an acceptable armistice formula. We could not, however, abandon the concept of political asylum. That was something in which President Eisenhower and the American people believed strongly. Perhaps in this matter we were idealistic, but the one thing for which Americans had been willing to fight and die was their ideals. We did not apologize for this.

9. It was agreed to meet again the next day to complete the discussion of other items.

No. 40

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in India [1]

SECRET
NEW DELHI, May 21, 1953—5 p. m.

ST D-8/1

Subject: India

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[1] This conversation took place at the Office of the Prime Minister.

Participants: Prime Minister Nehru
Mr. Stassen
Mr. Byroade

Mr. Stassen, accompanied by Mr. Byroade, called upon Prime Minister Nehru in his office at 5 o'clock on May 21. The conversation was devoted primarily to discussion of India's internal economic problem, with primary emphasis upon India's Five Year Plan. The Prime Minister lead off with a remark that the necessary work inside India was so great that it was with some reluctance that they were distracted from their task of reconstruction internally by the necessary consideration of foreign problems. He traced the rather remarkable transition which India had gone through at the time of her independence and talked of the problem of consolidating the approximately 600 states of India into one united nation.

Mr. Nehru talked at some length about road-building projects upon which people had volunteered their labor and upon the community development work which was under way in India. He felt a great response from the people of India to the efforts being made to improve their lot. It has reached a point, he said, where people actually clamoring for development projects within their home areas, and it was impossible to make rapid enough progress to really satisfy the under-privileged people. He said there had been a question as to whether a few really large works should be put under way or a far greater number of smaller projects. He had decided upon the latter approach while not abandoning continued progress on the larger ones.

In response to Nehru's invitation, Stassen commented upon what he thought was a major planning task facing the Indian planners. They were at the moment completely engrossed in trying to finish the Five Year Plan He felt that a continuation of that plan entirely along the lines now envisaged might produce an imbalance between agricultural development and industrial development and that more thought should probably be given to raising the consumption level through industrial development.

The Prime Minister agreed completely with Mr. Stassen's thesis and there followed considerable discussion on the difficulty of keeping these two phases in balance.

Mr. Byroade stated that those in the Department working on problems in this area were greatly encouraged by the spirit and determination shown in India's Five Year Plan. He stated that throughout the whole area of Africa and the Middle East so often there is a lack of determined leadership in the tremendously difficult problem of development to improve the lot of the people. He stated that we saw in India a determination to accomplish a task entirely on her own if necessary and that was producing a good response at home. We realize therefore that any help that we might be able to give would be merely to allow the Indians themselves to make faster progress.

Mr. Stassen informed Nehru of our desire to approach the question of aid on a longer term basis than the previous one-year approach and that he had already developed a theme before Congress of the necessity of looking forward to a program of three years duration. It was understood of course that funds would be voted on a yearly basis, but he believed that President Eisenhower, with his present prestige, could reach an informal understanding with Congress upon the longer term approach. Stassen also indicated that a great study was under way in the United States to determine what our trade policy would be and to modernize that policy so that it was consistent with our tremendous responsibility.

No. 41

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Secretary of State [1]

SECRET NEW DELHI, May 22, 1953—1 p. m.
ST D-8/2

Subject: India

Participants: Prime Minister Nehru
Secretary Dulles

1. We discussed Egyptian situation. I gave a detailed report of the situation as I found it and the lines of possible solution. Mr. Nehru expressed great concern over the possibility that undeclared war might break out with a possible British reoccupation of Cairo and Alexandria. He said, of course, the British can do this, but what will they do next: "bayonets are no good to sit on." He inquired as to the relationship of the proposed Egypt base agreement to a collective security organization. I indicated the importance of assuring the creation of such a collective security organization with at least some form of UK and US associate membership so that before the British technicians were out of the base it would assume an international status with availability to the US and UK. I emphasized that this was the only real power area in the whole region and that it served far more than the Suez Canal.

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[1] This conversation took place at the residence of the Prime Minister.

2. Mr. Nehru brought up the subject of the Korean armistice, referring particularly to my statement of the preceding day, that if there was no armistice hostilities might become more intense. He said that if this happened it would be difficult to know what the end might be. He urged withdrawal of our armistice proposals inconsistent with the Indian resolutions, notably the provision regarding Korean POWs and unanimity. He agreed that there should be some provision for ultimate freeing of the POWs not desiring to be repatriated, stating that it would be an "impossible situation," for them to rot away with no end to their incarceration. I said that our formula was designed to meet that situation plus the likelihood that the communists would not accept the Indian resolution that future of POWs be referred finally to UN Assembly. Nehru agreed that this would probably be inacceptable because of communist China's absence from the UN. He made no alternate proposal. He brought up again my reference to intensified operations, but I made no comment and allowed the topic to drop.

3. Nehru brought up the problem of Africa, stating that unless Colonial powers adopted a more liberal policy he believed the whole continent would be lost through violent revolution. He described in some detail the Mau Mau situation, and said that this was typical of what might become a rather general situation. We then went on to discuss generally the colonial problem. I said that the US was faithful to its traditions in these matters and would like nothing better than to work openly for political liberty, but that we did not feel that we could afford an open break with the British and French in this matter. He agreed that an open break should be avoided but hoped that our influence would continue to be exerted, in favor of nationalism, saying that if communism had monopoly of that issue they would surely win in Africa and Asia. We discussed the Laos situation which Nehru considered to be a local rebellion but which I said, according to our information, was pure aggression from without. Mr. Nehru raised in this connection the role of a nephew of the Prime Minister of Laos, who he said was leading the invasion. I said we apparently had conflicting intelligence.

4. I brought up the problem of Kashmir,[2] and I said I was glad to know that Nehru intended to deal with this directly with the Prime Minister of Pakistan. I suggested that partition might be a better solution than a plebiscite. Nehru indicated agreement and recalled that at some earlier time he had proposed to Pakistan a settlement on the basis of the *status quo*. He indicated he might renew this proposal in London.

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[2] For documentation, see vol. XI, Part 2, pp. 1162 ff.

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5. I referred to reported Indian concern over Pakistan as a member of MEDO. I said it seemed to me unlikely that MEDO as originally projected would come into being at an early date and that the US had no present plans that would bring it into a military relationship with Pakistan which could reasonably be looked upon as unneutral as regards India. Mr. Nehru expressed satisfaction at this declaration.

6. I reported to Nehru in some detail the conflict between King Ibn Said and the British regarding the area of British protectorate particularly around Buraimi. I suggested that this might come up at their Commonwealth meeting and that I would like him to be informed of the King's attitude and of his effort to bring us into the situation, adversely to the UK.

Note: The entire conversation was extremely cordial and frank.

No. 42

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Pakistan [1]

SECRET [KARACHI,] May 23, 1953—10:30 a. m.

ST D-9

Subject: Pakistan

Participants:

United States	*Pakistan*
Secretary of State Dulles	Mr. Mohammed Ali, Prime Minister of Pakistan
Mr. Harold E. Stassen	Mr. Aziz Ahmed, Cabinet Secretary
Ambassador Horace A. Hildreth	
Mr. Henry A. Byroade	
Mr. Douglas MacArthur II	
Mr. John K. Emmerson	
Lt. Col. Stephen J. Meade	

The Secretary referred to the countries he had visited on his trip, particularly to Egypt, and expressed the hope that the issue between Egypt and the UK would be solved. He referred to the Prime Minister's forthcoming visit to London and to the Commonwealth talks that would take place after the coronation. He expressed the hope that the Prime Minister would be able to exert his influence toward a settlement of this problem.

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[1] This conversation took place at the offfice of the Prime Minister.

The Prime Minister stated that the four problems affecting this area were (1) the Egyptian situation, (2) the problem of Israel and the Arab states, (3) the Anglo-Iranian oil problem and (4) the issues between India and Pakistan.

The Secretary referred to his recent talks with Nehru and said he hoped some solution could be arrived at through the discussions to take place between the Prime Ministers of India and Pakistan. Mr. Mohammed Ali said that "a gesture must come from Nehru" and that pressure must be brought to bear on Nehru to achieve a solution. He said that the United States must "keep the heat on both of us".

Mr. Dulles stated that he made clear to Nehru the deep concern of the United States in the problem. With respect to pressure, it is obvious that any action to relate economic aid to the political actions of another country would be resented. The Prime Minister agreed with this point of view. The Secretary said he had told Nehru that it was difficult for the U.S. to justify before Congress the giving of economic aid when the economies of both India and Pakistan were being dragged down by the maintenance of military establishments made necessary by the possibility of hostilities over Kashmir.

The Prime Minister noted that because of the Kashmir dispute, foreign capital was reluctant to come in to participate in the development of the country.

The Secretary, commenting that there was an impression that the desire to settle the problem of Kashmir was stronger on the part of Pakistan than India, inquired whether partition was a possible solution. The Prime Minister replied that partition had been thought of but that it was no settlement since it would involve "selling the birthright of the people". The Secretary commented that reliance on the will of the people was a noble principle but that it was sometimes difficult to carry out a plebiscite which frequently would occur in an atmosphere of mistrust with opportunities to whip up violent emotions on both sides.

To the Prime Minister's comment that a calm atmosphere could be assured under the auspices of a neutral organization, the Secretary replied "you are optimistic about that". Mr. Dulles recalled that the record on the Sarr plebiscite was pretty bad. Certainly there could be no objection to the theory and principle of a plebiscite but in practice it frequently did not work out. To us, the way the question is resolved is less important than that the problem should be settled. Certainly the United States does not want to interfere in the internal affairs of other nations. Nevertheless we are deeply concerned in this matter.

The Prime Minister expressed the opinion that the way to settle the issue was important and that there were three parties directly concerned; namely, India, Pakistan and the people of Kashmir. One was apt to lose sight of the interests of the people themselves and of the fact that anything imposed contrary to the will of the people would produce constant frustration and trouble. They would resist foreign domination and "we have no right to make a settlement not acceptable to the Kashmiri people".

Mr. Dulles stated that most boundary disputes were settled by negotiations between the two claimants. The United States had experience in these matters. Examples were the disputes over our boundaries with Canada ("54-40 or fight") and with Mexico. People want a Government which will provide law and order and under which they can achieve their livelihood. The Prime Minister replied that the Kashmir question was more than a boundary dispute, that it represented a dispute over a very large territory. He said he was optimistic, that he believed a settlement could be reached, but that India had to play a more important part than it had thus far. The present position seemed to suit India. In Pakistan there was a small minority who believed that "we should take the matter in our own hands" and solve it by direct action. Fortunately this was a small group of fanatics but nevertheless it represented a real danger.

The Secretary expressed the opinion that a settlement in Kashmir would make the settlement of other problems much easier. The Prime Minister agreed, pointing out the economic interdependency of India and Pakistan and the fact that the economies of both countries had been disrupted because of this dispute.

The Secretary then turned to the food problem in Pakistan and referred to the recent visit of the wheat mission. The Prime Minister replied that he had "his fingers crossed" on this matter. He emphasized that the stability of the present Government depended on getting the necessary wheat from the United States. There was a two-fold need, one for wheat, and one for the financial help which would be represented by the proceeds from the sale of wheat. He said he dreaded to contemplate what would happen if the food problem could not be solved.

The Secretary stated that Mr. Stassen, the President and he himself were extremely sympathetic to Pakistan's position and that the interest of the Congress had been expressed by their sending a group here to make a study of the problem. The Executive Branch would do all it could to produce a favorable response. He was sure, however, that the Prime Minister would understand that the United States was going through a difficult period with respect to its budget and its financial position. He added that the fact that he and his party had been in Pakistan would help a great deal since they could testify first hand to the situation.

The Secetary mentioned that he believed there was a feeling of much greater friendship in the United States for Pakistan than India. The Prime Minister replied laughingly that there was such a great fund of friendship that he wished "he could draw a check on it". He said the Secretary probably knew that the rumor had been circulated that the United States was responsible for making him Prime Minister. He referred to his discussions with Mr. Emmerson on the conclusion of a Treaty of Friendship, Commerce and Navigation and reiterated that while he wanted the treaty to be agreed upon as soon as possible, he felt that in view of the rumor that the United States controlled him, a postponement of final action would be desirable.

The Secretary referred to the question of a Middle East Defense Organization and inquired whether the Prime Minister had any views he wished to express on this matter. Mr. Mohammed Ali replied that he was waiting for the Secretary to express some views on MEDO. He said that Pakistan would welcome anything which assured the security of this area. He said he liked the idea and had hoped to hear details about it from the Secretary.

Mr. Dulles said he could give no details since the organization had not come into existence. He believed that a new approach to the problem was necessary, that there had not been a solid enough base within the area itself to build an effective organization. It was important that the members not be principally those who may have an interest in the area but are located outside the area such as the US, France, the UK, Australia and others. It was better to start with something more indigenous to the area and at least initially, countries strangers to the area should not participate. The Secretary referred to the importance of the Suez bases in the case of war as suppliers for all the countries of the area. He hoped that a settlement of the situation between Egypt and the UK would permit the development of some kind of an organization.

The Prime Minister remarked that there were three countries which stood as obstructions to Russian ambitions in this area. These were Iran, Afghanistan and Pakistan and they stood between the Persian Gulf and the Soviet Union.

At this, Ambassador Hildreth noted that the Secretary had an appointment with the Foreign Minister and it it was decided to continue the discussion at 11:30 a. m., May 24.

No. 43

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Pakistan [1]

CONFIDENTIAL KARACHI, May 23, 1953—2:15 p. m.

ST D-9/1

Subject: Pakistan

Participants: Mr. Mohammed Ali—Minister of Finance
Mr. Harold E. Stassen—DMS

At the Finance Minister's suggestion, and after a few brief comments by the Secretary of State in which he indicated to the Finance Minister that he would look to DMS for a report and in which DMS indicated that our decisions in these economic matters would be in accordance with the foreign policy of the Secretary of State, the Finance Minister and the Director for Mutual Security conferred at the Governor General's house from 2:15 to 3:15 P.M.

There were no unusual new facets of information or views that have not been previously well known.

1. He emphasized very urgent need for wheat, and expressed a need of one million tons and a 250 million ton reserve to properly manage his economy.

2. He described the land tenure developments, with rather favorable conclusions in East Bengal and Punjab, but the difficulties in making any progress in the Sind Province.

3. He spoke of his foreign exchange difficulties, his sharp loss from the fall of cotton and jute prices, his extreme difficulty in holding the minimum reserves behind his currency

4. He emphasized that revenues depended primarily on taxes on imports and exports and that he had no power of taxation over agricultural income, this being reserved for the provinces.

5. He expressed extreme interest in further industrialization and the desire of his Government to welcome private investment. He inquired whether some tax concession could be made in the United States to encourage U.S. private capital investment in underdeveloped countries such as Pakistan.

6. He confirmed that extreme economic advantage would result to both India and Pakistan if peace could be established between the two.

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[1] This conversation began at the office of the Minister of Finance and continued at the Governor General's house.

7. He expressed a belief in the existence of mineral deposits in Baluchistan and stated that Canadian geologists and technical assistance were being directed to a survey of that territory.

8. He reviewd the irrigation and water resource problems and plans.

9. He explained his strict import controls especially on consumer goods to maintain his minimum foreign exchange reserves and to permit some continuation of essential industrial imports and development imports.

10. He indicated the desire of his Government to have a U.S. expert as the chairman of the "Grow More Food" committee which they were organizing in Pakistan. He also expressed an interest in technical assistance for industrial and trade development to be utilized with economic assistance.

The Director for Mutual Security advised the Minister of Finance that the Secretary of State had expressed confidence that the United States would have a friendly interest in the economic success of Pakistan.

1. The Reed wheat report would likely be presented to the Congress in the near future and the results would depend upon the Congressional action.

2. In other respects, the 1954 Mutual Security Program would probably be acted upon by Congress in about two months, and within one month after that it should be possible to advise the Pakistan Government of the economic assistance program for Pakistan for the fiscal year 1954.

3. It was not possible to make commitments on either the wheat or the economic and technical assistance programs at this time.

4. The opportunity to meet and discuss these problems with the Finance Minister was appreciated.

5. The provision of the new Mutual Security Law for 1954 of a chapter for Mutual Development and Technical Progress program was explained to the Finance Minister.

6. Other questions raised by the Finance Minister would be considered in relationship to the future Mutual Security Program.

No. 44

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, Prepared in the Embassy in Pakistan [1]

SECRET [KARACHI,] May 23, 1953—11:30 a. m.

ST D-9/2

Subject: Pakistan

Participants:

United States	*Pakistan*
Secretary of State Dulles	Sir Zafrulla Khan, Foreign Minister
Mr. Harold E. Stassen	
Ambassador Horace A. Hildreth	
Mr. Henry A. Byroade	
Mr. Douglas MacArthur II	
Mr. John K. Emmerson	
Lt. Col. Stephen J. Meade	

There was some brief preliminary discussion of the Egyptian situation and of the forthcoming Commonwealth conference in London. The Foreign Minister referred to the Secretary's trip to the Middle East and to the good psychological effect it was having on the peoples and governments of the area. The Secretary said there was a danger that expectations might be raised too high because of his trip.

The Secretary then referred to the Kashmir situation and expressed the hope that the forthcoming talks between the two Prime Ministers would be fruitful. Sir Zafrulla said he hoped this would be the case. However, Pakistan's experience in the past was not too encouraging. Nevertheless one would never take the attitude that one should not try again. Preliminary talks would take place in London after which a series of meetings would presumably be held in Karachi and Delhi. These would probably begin toward the end of June or not later than the beginning of July.

The Foreign Minister stated that if there could be a settlement of the Kashmir question every other problem could be settled. Not only would a settlement of the Kashmir dispute produce a good atmosphere but Kashmir itself was half the canal water problem. Furthermore, after a settlement of Kashmir, the evacuee property problem could be solved automatically. Kashmir was 90% of the issues between India and Pakistan.

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[1] This conversation took place at the Ambassador's residence.

To a question from Mr. Byroade as to whether the Foreign Minister had more hope for a settlement at present than previously, Sir Zafrulla replied that his answer would be both no and yes: no, because he had received no indication that Nehru, who was more important as an individual than anybody else, now "really wanted to go forward"; yes, because the United States was beginning to take a little more interest in the problems. The Foreign Minister believed that if Nehru feels that the United States is taking an interest and that this interest is likely to be continuous, he might possibly exert efforts to find a solution.

The Secretary commented that he had indicated to Nehru the very great interest of the United States in this problem.

Sir Zafrulla stated that there were two things of importance with respect to Kashmir. The first was that an agreement must not be imposed. Pakistan had never asked that anything be imposed on the people of Kashmir and was willing to go along with what Nehru had telegraphed to the Pakistan Prime Minister on November 8, 1947. The substance of this telegram was as follows:

> "We have gone in for the purpose of restoring law and order. Once law and order are restored we shall withdraw our forces and then Pakistan and India should hold a plebiscite to find out what Kashmir desires."

The second point of importance was that the agreement already reached in the UN resolution should be carried out. India should be asked to carry out the obligations which she has accepted.

The Foreign Minister emphasized that Pakistan had never said that Kashmir must accede to Pakistan. Pakistan had said that the people of Kashmir should decide for themselves under conditions which guaranteed that the plebiscite would be free.

Dr. Byroade asked whether in addition to a solution based on the UN Resolutions, Pakistan would consider any other type of solution. Sir Zafrulla then described the efforts of Sir Owen Dixon, particularly his proposal of a conference to consider whether certain areas might immediately accede to India or Pakistan, according to whether they had Muslim or non-Muslim majorities, and that the remaining area should be the "plebiscite area." Pakistan at first did not favor this proposal but the Prime Minister, Liaquat Ali Khan, finally reluctantly agreed on condition that if no agreement resulted, the former agreements would stand. When Sir Owen Dixon informed Nehru of Pakistan's acceptance of this proposal, Nehru claimed he had never heard of it. Sir Girja Bajpai later attributed this statement of Nehru's to the fact he was "temporarily overtaken by factual amnesia."

The Foreign Minister stated that he had no hope that India would agree to such a solution in view of the fact that Dixon had tried and Nehru had refused.

The Foreign Minister assured his listeners that "he was talking from the heart" and stated that any fair proposal for the solution of Kashmir would be considered. He said that even if the non-Muslim areas were taken away, and a plebiscite were held in the valley, he would favor it. However, any plebiscite must be carried out in such a manner that unfair means would be impossible. He said that if such proposal came as part of a decision already taken and binding, he believed the Government would be willing to take the risk and face the country, provided of course that only those clearly non-Muslim territories were taken away and the plebiscite were fairly conducted under the UN.

Mr. Stassen asked whether it was possible to estimate the economic loss to the country because of the Kashmir dispute. Sir Zafrulla replied that the financial outlay was of course tremendous but that the actual loss was even greater. The dispute put both nations on the "qui vive," it had bedeviled the relations of the two countries with regard to other questions and it had stopped both countries from going ahead with constructive programs to develop the prosperity of the countries. He added that Kashmir was the place where the greatest possible progress could be made and that it had great possibilities for development. He agreed that a solution would bring great economic benefit to both Pakistan and India.

Mr. Byroade asked whether, assuming one could ignore the will of the people, agreement could be reached on total partition.

Sir Zafrulla replied that he did not know what he meant by ignoring the will of the people. What Mr. Byroade suggested seemed similar to the proposal made by General McNaughton in December 1948. According to this proposal, Ladakh would have gone to India.

Pakistan would have been agreeable to such a proposal. The Foreign Minister referred to the suggestion that the valley become independent. He said if people of the valley wished to commit suicide, Pakistan would not stand in the way. However, independence would be infeasible since the area would become an arena of international intrigue.

Sir Zafrulla concluded the discussion by saying it was axiomatic that unless Kashmir is settled so that India and Pakistan cease to be hostile and suspicious of each other's designs, there will be no peace in this part of the world.

No. 45

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by Lieutenant Colonel Stephen J. Meade [1]

SECRET [KARACHI,] May 23, 1953—11:30 a. m.

ST D-9/3

Subject: Pakistan

Participants:

United States	*Pakistan*
Lt. Col. Stephen J. Meade	Governor General Ghulam Mohammed

At approximately 11:30 hours I was summoned by the Governor General to come to his Residence at once. Upon arriving I found that the urgency indicated was more of a personal nature, in that he had just learned that morning that I was a member of the Secretary's party and since we were "old friends" he wanted to take this opportunity to sit down and have a talk with me. Although the general tone of the conversation was personal in nature, the following salient points are worthy of note:

The GG expressed the same interest in obtaining economic aid that he had discussed with me during my visit in April this year, which I reported by cable requesting that such information be passed to State. He is anxious to obtain a loan of one hundred million dollars to help them get through the current economic crisis, such money to be used for rehabilitation, and advancement of economic projects in the country. (This is in addition to the request for the million tons of wheat.) He said that he does not desire this money in the form of a grant, but rather as a loan "from one friend to one that is in an unhappy economic circumstances for the moment." He feels that this can be repaid in approximately five years.

Regarding military aid, he is primarily interested in the acquisition of heavy artillery (by this I presume he means 155 MM and perhaps 8 inch), the establishment of maintenance services for aircraft, tanks and other items of general ordnance. At this juncture he said he knew what the reaction would be to such a request on the part of the American public, that they would have the suspicion that such equipment would be used against India. Again, as he has many times in the past, he promised that such military aid would not be used against India; further, that his Government would be willing to sign an agreement that Pakistan will go to the aid of India should that country be attacked.

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[1] This conversation took place at the residence of Lieutenant Colonel Meade.

The GG expressed the desire for liberty ships and tankers, the number of 20 being mentioned, which I presume would be total for both. In this connection, he expressed his concern about having little over 1 Division of troops in East Pakistan without logistical means of transporting elsewhere in the event of an emergency, India not permitting their passage through that country.

Regarding the settlement of the Kashmir dispute, the GG emphasized that we should display a continued and strong interest in the settlement in this question vis-à-vis Nehru; that such a display of interest on our part which to date has not been in evidence would, in his opinion, spur Nehru toward arbitration. As the situation now stands it is to India's advantage to delay a settlement, as it is only Pakistan which is suffering from the situation.

He again expressed his desire to visit the United States in August for a period of one week or ten days in Boston for a medical checkup followed by an "informal visit to Washington to visit some friends". (This I reported during my visit to Karachi in April.) He said that all he needed was some sort of an invitation from us. (I have taken this up with Mr. Byroade, and mentioned it to General Smith, who instructed me to tell the GG that he would be delighted to see him and have a small informal luncheon for him in Washington when he comes.)

He reiterated his firm stand against any form of Islamic Constitution and his desire to curb the Mullahs and their fanatical activities. He realizes that this is a thing of the past and that the country must turn toward the West, particularly the United States, with greater moderation regarding religion in Pakistan.

No. 46

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by Lieutenant Colonel Stephen J. Meade [1]

SECRET [KARACHI,] May 23, 1953.

ST D-9/4

Subject: Pakistan

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[1] This conversation took place at the residence of the Ambassador.

Participants:

United States	*Pakistan*
Secretary of State Dulles	Maj. Genl. Mohammed Ayub Khan
Ambassador Horace A. Hildreth	
Lt. Col. Stephen J. Meade	

The Secretary opened the conversation by an inquiry as to the present state of the Pakistan Army. The General replied by explaining the difficulties encountered at the time of partition with many Pakistan troops being stationed at that time in Indian territory and the necessity in some cases of actually fighting their way back to Pakistan; how the majority of ordnance stocks and heavy equipment were grabbed by the Indians which posed a tremendous problem to the Pakistani Armed Forces. He related that how through their will power and determination they have since been able to improve this situation to the point where they now have a very efficient fighting force of approximately 250,000. He admitted that they were still wanting in heavy equipment, such as armor, heavy artillery and that their principal striking force is still found in the Infantry role. He said that they have about 7 Divisions of Infantry, 2 Brigades of Armor and other combat and service units. He expressed his gratification to the United States Government for sending 350 Sherman tanks mounting 76 MM guns as well as a number of M-36 tank destroyers equipped with 90 MM guns. He pointed out, however, that Pakistan must rely on sources outside of the country for ammunition supplies; that they have been able to acquire most of their stocks from England and the Continent, that he considers ammunition one of the critical problems within the military equipment. Some few years ago they had hoped to be able to accumulate a six-months reserve supply within the country but that the national economy did not permit. Since then they had to re-examine this project and have now reserve supplies from one to five months, depending upon the critical nature of the particular type of ammunition. The General pointed out that despite all of these handicaps, the morale, discipline and training of the Pakistan Army are superior, and that they constitute a real current and potential factor of force within this area.

The Secretary asked specifically what the General considered to be the needs of the Pakistan Army along the lines of military aid. The General replied that he had submitted just such a list a few months ago to the American Military Attaché in Karachi, but that he had brought with him this date the original of that memorandum. He gave this to the Secretary, who read it at some length and expressed his admiration for the thoughts contained therein. (. . . Since the Secretary expressed an interest in using this document at a later date, arrangements will be made for it to be available to him from the Pakistan Military Attaché in Washington by a telephone call from the Department of State.)

The Secretary next asked the General the state of the Air Force and air bases in Pakistan. To this he replied that at the time of partition Pakistan had only 3 Squadrons available; that they hoped to expand to 12 Squadrons, but here again the national economic situation had prevented this with the result that they have been able to establish and maintain only 6 Squadrons to date. These include 1 Jet Squadron based in the Karachi area, 2 or 3 Squadrons of conventional type aircraft based at Peshawar and Rawalpindi (portion of the planes from Peshawar are based at Miram Shah for action against tribal disorders in that area), and a transport squadron at Lahore. He stated that the transport squadron is used quite extensively to drop supplies to garrisons located in the inaccessible areas farther north of Gilgit. He said that the Air Force was efficient, but that they did desire to expand it if the economy of the country would permit such a measure.

In answer to the Secretary's question as to existent Air bases in Pakistan, he replied that there were very many of these throughout the country which had been established during World War II, the largest ones being located in the vicinity of the cities referred to above. He said that some of these fields have runways of 2,000 feet which could be extended without difficulty.

(I suggest that more detailed and perhaps more accurate information regarding Pakistan Air Force be obtained from Air Attaché reports in the Pentagon.)

Since the GG had brought up the question of liberty ships and tankers to me in a previous conversation I inquired as to the status of the Pakistan Navy to see if he held the same opinion as the GG regarding ships and tankers. He admitted that the Pakistan Navy was very small and its principal use was the defense of the ports of Karachi and Chittagong. In reply to a specific question by the Secretary regarding petroleum products, he answered that they produced only 17 per cent of their own needs and relied on tankers to transport the rest from the Middle East oil fields.

The Secretary next channeled the discussion toward the Kashmir disputes. In this regard the General emphasized the necessity to bring pressure on Nehru through a display on our part of the strongest interest in the settlement of this issue; that unless this was done, Nehru would be quite content to bide his time since a delay was profitable to the Indians, extremely detrimental to the Pakistanis. He attempted to allay any suspicion on our part that such military aid that might be forthcoming would be used against India, as they could not afford the expense of such a war which would only result in the weakening of both countries. (That same evening I mentioned to the General the GG statements to me to the effect that they would be willing to sign an agreement to go to India's aid in the event that any power should attack India. He said that he had forgotten to mention that and hoped that I would do so for him, to which I replied that I had already spoken to the Secretary about it.)

The General next expressed what is not only his concern but that of other leaders over the future of India when Nehru is either replaced or passes away. He feels very strongly that such occurrence would result in the dangerous splitting up of India into separate states, many of which would be susceptible and even amenable to Communist influence. He considers this a great danger to the future of Pakistan, feeling that there is no one in India with sufficient strength to take over after Nehru.

The Secretary spoke for several minutes expressing his conception of the recent change in Soviet tactics which could conceivably result in increased efforts in the direction of Southeast Asia. The General appeared interested and seemed aware of the global aspect of the present day conflict between the Communist and non-Communist worlds. His feeling is that the United States, which admittedly is the leader of the free world today, should not be afraid to openly aid those countries which have expressed a willingness, and even desire, to cooperate with the United States. He reiterated the potential, both in manpower and bases that is available in Pakistan and that his country under the present Government is extremely anxious to cooperate with the United States. He feels very strongly that if Pakistan were strengthened by United States economic and military aid, it would result in India dropping its present intransigent attitude, both toward Kashmir and other problems and even going so far as to having Nehru come to Washington in search of a settlement. He summarized this thought by saying that a strong Pakistan would frighten India out of her passiveness and intransigence.

No. 47

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Counselor in Pakistan (MacArthur) [1]

SECRET
ST D-9/5

[KARACHI,] May 24, 1953—11:30 a. m.

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[1] This conversation took place at the office of the Prime Minister.

Subject: Pakistan

Participants:

United States
Secretary Dulles
Ambassador Hildreth
Mr. Byroade
Mr. MacArthur
Lt. Col. Meade

Pakistan
Mr. Mohammed Ali, Prime Minister of Pakistan
Mr. Aziz Ahmed, Cabinet Secretary

The Secretary opened the conversation by outlining to the Prime Minister the present views of the U.S. Administration with respect to the recent Soviet shift of tactics. He said that we could see no evidence that there was any change in basic Soviet policy. The tactical shift of the Soviets to a peace offensive seemed designed to divide the free world and was in line with Stalin's article in Bolshevik published at the Communist Congress last October. If the Soviets could succeed in dividing the free powers and get them to quarrel and fight among themselves, they doubtless believed that they could realize their dream of world revolution without resorting to overt aggression. In connection with their attempts to divide the Free World, it was important to bear in mind chapter eight of Stalin's book on Leninism dealing with the exploitation of nationalism in dependent areas. The Prime Minister expressed agreement with the analysis set forth by Secretary Dulles.

The conversation next turned to the desirability of establishing some form of regional defense system in the Middle East. The Secretary stated that we had no preconceived or frozen ideas as to the form such a regional defense set-up might take. From his conversations in different countries visited on this trip, however, one thing seemed clear. This was that such an organization must have its roots in the area itself. No outside countries, no matter how friendly and well-disposed, could present a blue print and expect the countries of the region to accept it automatically. To succeed it must have the solid support of countries in the area and they must believe that their interests are best served by getting together and creating greater strength through collective action than they could have by each acting independently of the other. No country had sufficient strength to defend itself if it stood alone. Europe had recognized this and created western union through the Brussels Pact. This had been followed by NATO which greatly increased the scope and strength European defense. What was needed in the Middle East was someone to take the initiative with other members of this community.

The Prime Minister agreed. He felt that if Syria, Iraq, Iran, and Pakistan could develop some kind of a grouping to create a barrier across the Soviets' push towards the Arabian Gulf. Iran was a great obstacle because of the situation existing there. The other Arab states could back up such a grouping as that mentioned above but because of the Egyptian situation and their preoccupations over Israel, they were not disposed to any such initiative. In the creation of a regional grouping, the moral support of the U.S. and such material assistance as it might supply would be of great importance.

There was some discussion of the Suez Canal base following which the Prime Minister asked if the U.S. would, in the event some regional defense system could be established, plan to establish bases elsewhere as in Pakistan, for example. The Secretary made it clear that there were no U.S. Governmental positions on this and that what we could or could not do would depend on factors such as what the countries in the area did and what their desires were with respect to U.S. moral or material support.

In response to a question from Mr. Byroade, the Prime Minister next talked briefly about Afghanistan. He said he believed that the atmosphere was somewhat better between the two countries. There had been some general exchanges of views regarding the possibility of economic cooperation which might develop into something useful. If the Afghans would stop agitation on the question of Pushtoonistan,[2] there was no reason why good relations could not be established between the two countries. The Prime Minister said that the present Afghan regime felt a great sense of insecurity. The regime did not have strong internal backing and was faced with serious economic and political problems. He believed that one of the reasons the Afghans had been pushing the Pushtoonistan question was to divert the attention of the Afghan people from internal difficulties to external matters. For example, at the present time, there is a great disparity between the wage scales in Pakistan and Afghanistan, Pakistan wages being considerably higher. If the Afghan regime would devote itself to internal economic improvement which would be assisted by economic cooperation with Pakistan, its internal position would be stronger and it would probably feel less inclined to wrangle with Pakistan.

In conclusion, the Prime Minister said that he had one other matter which he wished to mention to the Secretary. This was the question of sending two Pakistan Naval Officers to the United States for submarine training. He hoped that the Secretary could look into this matter. The Secretary said he would be glad to do so but suggested that the Pakistan Government take this up with the U.S. Embassy through the Naval Attaché.

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[2] For documentation, see vol. XI, Part 2, pp. 1365 ff.

No. 48

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Counselor of Embassy in Turkey (Rountree) [1]

SECRET

ANKARA, May 26, 1953.

ST D–10/1

Subject: Turkey

Participants:

United States
Secretary of State Dulles
Honorable Harold Stassen
Mr. Byroade
Mr. MacArthur II
Ambassador McGhee
Mr. Rountree

Turkey
Prime Minister Adnan Mendores
Foreign Minister Fuad Koprulu
Secretary General Cevad Acikalin
Under Secretary General Nuri Birgi
Representative to NATO Rifki Zorlu
Assistant Secretary General for NATO Affairs Sadi Kavur
Assistant Secretary General for Economic Affairs Haydar Gork
Director General, First Department Talat Miras
Director General, Second Department Orhan Eralp

In his introductory statement the Prime Minister extended a cordial welcome to the American visitors and expressed the hope and expectation that the conversations which were to be held would be good not only for Turkish-American relations, but also for the entire free world.

Responding, the Secretary expressed his great pleasure at being in Turkey. He said that while the purpose of his trip as originally conceived was to visit the Arab capitals and South Asian countries, he found it impossible not to accept the invitation extended by the Turkish Government for him to stop in Ankara. His visit was not merely an act of courtesy and not merely to pay his respect for the great effort which Turkey is making, although it was in part to do those things, but he primarily wished to seek the views and advice of the Turkish leaders on matters of common interest. He said that he particularly hoped that the Prime Minister would express himself on:

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[1] This conversation took place at the office of the Prime Minister.

(1) present Soviet policy and the Turkish interpretation of what is going on in Russia, and
(2) ways and means by which greater unity might be achieved within the Middle East area, where there is weakness and confusion which, it seems to the United States, is very dangerous at this time.

The Secretary said that he was at the disposal of the Prime Minister to discuss any matters of United States policy upon which the Prime Minister desired explanation.

By agreement, the Prime Minister set forth at some length his views upon international affairs with the understanding that the Secretary would later comment. He began with the general observation that the world is divided into two opposing forces: Russia and her satellites versus those countries which frankly opposed the communist menace. In between these groups were countries not definitely aligned with either. The Prime Minister said that there are substantial differences of methods employed by the two opposing forces. The Soviet countries act pursuant to one program, directed by one power, while the free world lacks this advantage. The links between the free countries suffer greatly as a result of clashes in local interest. If these countries were to consolidate their position they would constitute a much greater force. The Prime Minister felt that we should concentrate our efforts in that direction.

Relating this philosophy to situations in this part of the world, the Prime Minister said that the Suez Canal issue and difficulties in North Africa are problems in dealing with which we should have unity. He remarked that while the Secretary was in Egypt he had inquired of the Turkish Ambassador as to the views of his Government upon the Canal Zone issue. In this connection, the Prime Minister said that the Turks did not consider the Canal question to be exclusively between Egypt and the United Kingdom. A solution is, for example, of vital concern to Turkey and the question is one which concerns NATO strategy generally. The Egyptians could not properly maintain today that the nature of the British position in the Canal Zone is one of imperialism or of merely maintaining British interests. Turkey is convinced that the United Kingdom is acting as guardian of an outpost of one of the key positions of the free world. It is obvious also that the United States attaches great importance to the area; the fact that the United States maintains the Sixth Fleet in the Mediterranean is substantial evidence of this, as is, in fact, the visit of the Secretary of State to this part of the world. The Prime Minister believed the importance of maintaining the Canal Zone in safe hands to be equal to the importance of maintaining the Sixth Fleet in the Mediterranean.

In the Turkish view, according to the Prime Minister, attempts by Egypt to present the issue as a struggle for independence and freedom should be entirely secondary to the importance that the Canal Zone has to the entire free world as a point of strategy. He said that he believed that the Canal Zone problem could be solved, without adversely affecting Egyptian national aspirations, if the Egyptian Government understood the important point that the stationing of foreign troops in a country is no longer considered to be an infringement of sovereignty, as once was the case. The Turks, for example, possess airfields which they intend to use jointly with United States forces, and they do not feel that this involves in any way a question of infringing Turkish sovereignty. On the contrary, Turkey considers such arrangements to be elements of security for its very existence. In Egypt there is a tendency to overlook the danger facing the entire free world. . . .

Continuing, the Prime Minister said that the Turkish Government considered it to be of vital importance that the Canal area defenses be well maintained, and that the zone should not be evacuated unless and until suitable alternative arrangements have been made. The Prime Minister believed that evacuation should not even be considered until the expiration of the British-Egyptian treaty, which has about two more years to run, and even then evacuation should not take place until arrangements have been made for defense of the Canal area. He believed that the interested countries should get together now and consider defense arrangements to be effected after expiration of the treaty.

Turning to the question of Middle East defense, the Prime Minister commented that it had been the aim of all of us to provide for the association of the Arab countries in an organization to be created for this purpose. Each of the sponsoring countries strived in its own way to bring the Arabs into the organization. From various indications, including the status of negotiations on the Canal Zone, the Turkish Government has reached the conclusion that hope of having the Arab countries accept MEDO should be abandoned at this time. He believed that following these unsuccessful efforts a new leaf should be turned and a new enterprise undertaken. He expressed regret that the Arab countries failed to join; on the other hand, he felt that we should not exaggerate the importance of this and fall into despondency thereby. . . .

From this, the Prime Minister said, the conclusion can be drawn that in the defense of the Middle East, the backbone must be Turkey. In view of Turkey's social and political stability, the determined attitude of Turkey vis-à-vis the Soviet threat, and the very serious efforts which Turkey is making to expand her already strong forces, it is only natural that she would have a primary role in the defense of the area. He said that Turkey will continue to exert every effort to accomplish an organization of countries in the area, including eventually Pakistan, for Middle East defense, and on the other hand is working toward effective results of the Balkan pact as an important element in the defense of that area.

. . . .

Turning to the problems of North Africa, the Prime Minister said that these should be studied from the same angle as the Canal problem; i.e., from the point of view of having in hand important strategic areas which are vital to the defense of the free world, and not simply as colonial problems. He remarked that in the Suez Canal controversy, the United Kingdom appeared to be left to itself; in the case of the North African disputes, France likewise appeared to be left alone. Such matters as these, which in the final analysis are of great concern to all NATO countries, should be taken into hand as common problems to be worked out in the common interests of the free world. In the NATO Council the question would be of finding solutions not alone on the basis of satisfying the national dignity of local countries, but in recognition of the fact that we face a relentless enemy employing tactics which require NATO to act with forceful decision in instances where we have interests essential to be maintained. The Prime Minister said that his comments in this connection naturally require further study and consideration, but he thought that the general line was worthy of careful thought.

The Prime Minister then referred to recent reports which he had received to the effect that a four-power conference with the Soviet Union had been seriously proposed and that Prime Minister Churchill favors such a meeting. He said that he is not certain whether the motivation for this conference was in the hope for concrete results or merely to prove that the Western powers sincerely and earnestly seek by every practicable means to find peace. Whatever the reason might be, however, the Prime Minister felt that the meeting would produce no concrete results and, on the contrary, might have an adverse effect upon the common front. Moreover, such a meeting might give rise to unfounded hopes in the Iron Curtain countries and in certain other countries such as Egypt. The Prime Minister expressed the view that if the Soviet Union should by any chance be willing to abandon or relax her aggressive policy, she would be the one to come to us and seek an understanding; Russia started the cold war, if it served her purpose she would end it. He emphasized the belief that contacts with Russia by the Western powers might create in the free world suspicion that a policy of appeasement is being adopted. He underlined the importance in the Turkish view of a united front and united policy among the free countries in these matters.

The Prime Minister then turned to the question of United States military aid. He said that Turkey has one of the longest frontiers with Russia and is, so to speak, in the same bed with her. Because of that, and because Turkey has long recognized the Soviet threat, a substantial portion of the Turkish budget has since the last war been expended on her military forces, it being fully determined to maintain Turkish independence and freedom even if the country should be left alone. Turkey has every intention of intensifying her efforts in that direction. As an example, the present forces of 330,000 men will be increased to 410,000 by next fall. The Turkish Government has adopted sound measures to increase the numbers of junior officers and NCOs and is instituting extensive measures of training to build up the number of technicians in necessary fields. Turkish force goals and force requirements were determined jointly, according to the Prime Minister, in the presence of representatives of JAMMAT and NATO. Those representatives came much closer to the Turkish point of view upon force goals after they observed the intensified efforts of the Turks. He said that as a result of this joint study and the preparations being undertaken by Turkey, the fact was established that by the end of 1953 Turkey would be in a position to absorb additional military equipment amounting to $500 million. The Prime Minister commented that it is easy to demand such sums, but that his Government is entirely aware that the United States is the only country in a position to supply arms and equipment to the rest of the free world. It is evident that if the Turkish Army were the only one needing help, it would be in "tip-top shape" now; but the Turkish Army is only one of many seeking American assistance.

The Prime Minister said he would like to stress one more fact pertinent to the establishment of the level of defense aid. In addition to Turkey's strategic position, her relentless determination to resist aggression, the social and political stability of the country, and her willingness to contribute forces to the common defense, it is clear that dollars spent in Turkey will buy more for defense than those expended in any other country. Continuing, the Prime Minister set forth his understanding that the funds included in Title II of the forthcoming aid bill had been reduced $30 million less than the amount appropriated last year. He said, however, that he had understood in conversation with Ambassador McGhee that Turkey would probably receive about the same amount of military aid as last year. However, Turkey is moved by the determination to speed up her effort, not to continue at the same level. He hoped that responsible United States representatives in Turkey, as they observed the fulfillment of Turkey's efforts, will become convinced that Turkey deserves more. As he understood the matter, it is possible to transfer up to 10% of Title I funds to Title II. He said that he cherished the hope that this might be done in Turkey's case, and that Turkey would prove that it is worthy of such additional assistance.

Regarding the matter of economic assistance, the Prime Minister said that Turkey is in the midst of an enormous development effort. He said that progress in no similar country can compare with that made in Turkey during the last four years, and especially the last three years. He commented that it fell upon him to state with gratitude that American economic aid had contributed in very large measure to this recovery and expansion. Economic assistance to no other country had been as effective as in the case of Turkey; every dollar given had been spent in its place and none wasted. He said that the Turkish Government naturally has in mind raising the standards of living of its people, but its most important goal is ultimately to be in a position to maintain a strong Army with Turkey's own resources.

The Prime Minister commented that an important experiment is going on in Turkey today. A large segment of the free world seemed to adopt the conviction that very speedy economic development could take place only under a totalitarian regime. Between 1950 and 1960 Turkey will illustrate how great progress can be achieved by giving way to free enterprise and economic liberty. The Prime Minister quoted a number of statistics to demonstrate progress made thus far since 1950, and said that if the present rate continues Turkey will soon be in a position to maintain its Army from its own resources assuming continued United States military end-item assistance.

The Prime Minister said that he expected that American economic aid would help to prepare the ground work for future private investment in Turkey after assistance of this type has ended. He said that economic aid at this time is necessary to help Turkey carry out her duty as "guardian of civilization and an element of security in this part of the world", where Turkey constitutes a bridge between the West and the undeveloped countries of the Near East. Without Turkey, the Prime Minister said, the question of Middle East defense would merely lie in theory.

The Secretary thanked the Prime Minister for his full and frank exposition of his views, which he stated was the kind of thing he came to Turkey to obtain. He said that because the time remaining at this particular meeting was short, he would respond only briefly to various points and he hoped that later in the evening they might have a chance to discuss the matter at more leisure.

The Secretary referred to the problem of unity among the free countries, which had been raised by the Prime Minister. He said that while he would not on this occasion enter into a philosophical discussion, he would like to point out that operations of the Soviet world under a single will is not only a source of strength but is also a point of weakness, since those subjected to a single will become themselves incapable of independent, resourceful action in case of emergency. He said that he quite recognized that the free nations should stand together in order to maximize their strength, and should improve their techniques of arriving at understandings, but he was not dismayed if at times they should disagree. That, the Secretary said, partakes of the very nature of the freedom which we are trying to preserve. Because of the importance which we attach to unity, however, we value the kind of talks which we were having with our Turkish friends—not to dominate one another, but to obtain a meeting of the minds.

Regarding the Suez Canal Zone issue, the Secretary said that he fully agreed with the point of view which the Prime Minister expressed; namely, that the area is one of international concern and not purely of concern to Egypt and the United Kingdom. He said that he sought to present the idea in his talks with General Naguib and the Revolutionary Committee in Egypt, and it seemed to be a novel point of view to them which they had not yet absorbed. The Secretary expressed the belief that all of us share concern in the Canal Zone issue and that each of us, in our own way and without concerted pressures, should strive to bring this point of view to the Egyptians. On the other hand, we must recognize that if the Base were to be held only by use of force against the people who surround it, it would be of little value. We are, therefore, striving on the one hand to bring realization to the Egyptian leaders of their responsibility, and on the other a solution which it should be possible for them to accept. The Secretary said that he had pointed out to the Egyptians that the United States has bases in England, and that England did not regard this to be a violation of her sovereignty.

Turning to the problem of MEDO, the Secretary said that he would fully accept the point of view expressed by the Prime Minister that Turkey would have to be the backbone of any such organization or of plans for the defense of the area. While a backbone is important, however, it is equally important that there be flesh around it. The Secretary said that he was surprised by the Prime Minister's indication that the Arab countries might be disregarded in this connection. From his own observations he questioned whether it was practicable at present to attempt to create a formal organization which would include all Arab states. Perhaps an organization such as MEDO would not be possible at the present time, but the Secretary expressed reluctance to go to the other extreme of feeling that the Arab countries should be wholly ignored with respect to plans for their own area. Some of the countries are more preoccupied with their own problems, such as Suez and Israel, etc., than with the bigger problem which preoccupies us. He expressed the opinion that in the northern Arab countries, such as Iraq, there is a sense of danger and he wondered whether it might be desirable, without activating a formal MEDO, to give some encouragement to selected Arab countries which seem to have the will and disposition to equip themselves to meet the big peril which we ourselves see. The Secretary expressed the hope that the Prime Minister would develop more fully the views which he expressed earlier in the meeting.

Referring to the question of the tripartite pact, the Secretary said that he wished to express the real gratification which the United States felt at the conclusion of the treaty and the development of better relations in the area to which it relates. He said that he was much impressed with what the Prime Minister had to say regarding further steps to integrate Yugoslavia into NATO. He stated that he could not at this time indicate the United States position upon that problem, except to say that he had an open mind and that there was now in his mind the point of view which the Prime Minister had expressed. He commented that there were several practical considerations which must be taken into account, some of which the Prime Minister had mentioned:

(1) The relationship of Yugoslavia and Italy, which should be improved by a settlement of the Trieste matter. The Secretary said that we have discussed this with both parties, and he had personally talked with Mr. De Gasperi about it.

(2) The attitude of the Scandinavian countries, which feel that too much attention is being given to Southern Europe and not enough to the north, and

(3) Our own public opinion in the United States, which is still disturbed by certain religious aspects of communist policy in Yugoslavia.

He pointed out these problems not as insuperable obstacles but as elements which have to be taken into account in making a decision upon this matter.

On the North African question, the Secretary said that the Prime Minister had made an extremely interesting and somewhat novel suggestion that, in relation to the Suez issue and the issues in North Africa, these should be open to negotiation as international and not just national problems. The Secretary thought it important in one way or another to divorce the question of common security which concerned us all from colonial issues. He said that the French have been extremely reluctant to give problems of this sort any kind of international aspect, because of their fear that the security considerations will not be divorced from colonial aspects. As an example, the French strongly oppose bringing to the Security Council the matter of the invasion of Laos for fear that they would be attacked as colonialists. They might possibly take a different view with respect to the NATO considering the North African situation, feeling that NATO would be sympathetic to their position. The Secretary commented that the suggestion certainly is an interesting one in relation to both problems.

With reference to the Prime Minister's comments upon the possibility of a four-power meeting with Russia, the Secretary said that there has been very strong pressure of public opinion for such a conference. He said that his knowledge of the immediate situation in Washington, London and Paris was somewhat limited by his absence during the past two or three weeks; however, when he left Washington the theme was that all aspects relating to the possibility of such a meeting should be very carefully examined before we commit ourselves to it. While it is always possible that a "conversion of spirit" might occur, we cannot forget the fact that the Soviet communists have always been taught that concessions and temporary retreats were parts of their tactics. The Prime Minister could therefore be assured that whatever we do will be done very carefully. The Secretary could not predict whether there would or would not be such a meeting, but he could state that if there were, the United States representatives would be very much on their guard. It is quite possible that the primary purpose of the Soviet Government may be to spread such confusion in Europe that the EDC is not created, and that Germany is not integrated. The Secretary said that it was a pleasure to hear the words of the Prime Minister with respect to this matter, as in so many places people are so eager for peace that they are willing to accept mere words as an excuse to imagine the possibility of getting what they hope for.

The Secretary then asked Mr. Stassen to comment upon the Prime Minister's statement on American military and economic aid.

Mr. Stassen said that he wished first to emphasize that what is done in the MSA program will be in accordance with the foreign policy leadership exercised by Mr. Dulles. Secondly, that the 1954 fiscal year MSA program has just recently been presented to Congress and until Congress acts it is not possible for anyone to make commitments as to what military or economic aid will be given to Turkey or to any other country. He stated that he would estimate that it may be two months before Congress acts upon the legislation, and that it would take approximately one month after that to relate the world-wide program to the Congressional action. In considering this program, Mr. Stassen said, we would have very much in mind the progress which Turkey has made. the determination that Turkey has evidenced, and the views which the Turkish Government has expressed; but it is also necessary, he said, to have in mind the world-wide responsibilities of our Government which are very heavy. He stated that President Eisenhower had wisely concluded that our own defense appropriation as well as our overseas programs must be somewhat reduced in order to be sure of the sound economic and financial position of the United States. The President has in mind that not only must the United States be strong in the face of the danger this year, but it must so pace itself as to be in a strong position over a period of years to meet any threat which might exist. Thus, he said, we are also concerned that none of our friends should over-extend themselves or count on too much American aid, and therefore keep themselves strong over a period of years. He commented that it is unlikely that Congressional action will make it possible to have economic assistance for Turkey as high as last year. A number of European countries will, in fact, receive no economic aid whatever.

Mr. Stassen expressed concern that our friends should have in mind a proper export-import balance in order to avoid building up a future problem which might become quite severe. We have in mind that the development progress in Turkey has been remarkable, and we earnestly hope that the progress will be continued on a sound basis.

Mr. Stassen concluded by saying that as soon as possible after Congress has acted upon the aid program we will advise the Turkish Government as to what the Turkish portion will be. He emphasized that, until the notice arrives, Turkey should not count on any particular amount since we cannot make advance commitments. He said that the Turkish Government may be sure that full consideration will be given to the progress which has been made and the Turkish determination, and that in making decisions upon the program he would follow the leadership of Mr. Dulles.

In concluding his own remarks, the Secretary commented that of all of our allies he believed that Turkey had the greatest awareness of the fundamental problem which confronts the free world, and the staunchest heart with which to meet it. He said that we were very proud to have this association with Turkey and expressed the hope that we would play a worthy part in it; he was confident that Turkey would always play a worthy part.

The Prime Minister thanked the Secretary, and said that before adjourning he wished to add a few words of clarification of his earlier remarks upon the question of collaboration with the Arabs. He said that the Turkish Government was very anxious to cooperate with the Governments of the Arab states; however, it sees that today they will not collaborate. On the other hand, the question of Middle East defense is urgent, and he felt it possible that if we should proceed with a defense plan it would act as an incentive for Arab countries to join. He said that there was no desire to disregard the Arab countries, but in fact we may be driven to it.

No. 49

Conference files, lot 59 D 95, CF 156: Telegram

The Secretary of State to the Department of State [1]

SECRET PRIORITY ISTANBUL, May 26, 1953—1 p. m.

802. From the Secretary No. 10.

Understand detailed cable report of our conversations in Pakistan has been sent Department. Would like to supplement this by reporting genuine feeling of friendship encountered in Pakistan which exceeded to a marked degree that encountered in any country previously visited on this trip. Was impressed with appearance and spirit of what we saw of armed forces and their leaders. Have feeling Pakistan is one country that has moral courage to do its part in resisting communism.

Believe Pakistanis willing to meet Nehru half way in finding solutions to India-Pakistan problems. The solution of these problems is very important to the alleviation of Pakistan's critical economical and financial situation. Am not optimistic, however, that forthcoming meetings between Nehru and Mohammed Ali will result in such a solution. Believe we must find ways of maintaining steady pressure on Nehru for move by him on question of Kashmir.

Believe Pakistan would be cooperative member of any defense scheme that may emerge in Middle East and that we need not await formal defense arrangements as condition to some military assistance to Pakistan.

Need for wheat is unquestionably urgent and US action is required in US interest.

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[1] Transmitted through the Consulate General at Istanbul.

No. 50

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Ambassador in Turkey (McGhee) [1]

SECRET

[ANKARA,] May 26, 1953.

ST D–10

Subject: Turkey

Participants:

United States

Secretary of State Dulles
Honorable Harold Stassen
Mr. Byroade
Mr. MacArthur II
Ambassador McGhee
Mr. Leon Dayton

Turkey

President Bayar
Prime Minister Adnan Menderes
Foreign Minister Fuat Köprülü
Finance Minister Hasan Polatken
Defense Minister Seyfi Kurtbeck
Chairman of the Foreign Relations Committee of the Grand National Assembly, Nihad Belger
Secretary General of the Foreign Office, Cevat Acikalin
Under Secretary of the Foreign Office, Ihari Birgi
Director General of Protocol, Teylik Kanim Kemahli
Chef de Cabinet of the President, Fikret Balbez
Senior Aide of the President, Lt. Col. Narettin Alpkartal
Deputy Secretary General of the Foreign Office, Haydar Cork
Deputy Secretary General of Foreign Office for NATO Affairs, Sadi Kavur

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[1] This conversation took place after a dinner given by the President of Turkey at his residence in honor of the Secretary of State.

Director General of Second
  Department of Foreign Office,
  Orhan Eralp
Ambassador Zorlu

The President stated that there had been little opportunity for the Secretary of State to express his views fully at the meeting held earlier today with the Prime Minister; that he would appreciate it if the Secretary would comment on the subjects under discussion at that time and any other subjects that might be on his mind.

The Secretary replied that although the United States is not as close to the Soviet Union as Turkey, we do, however, have certain global responsibilities and we attempt to form our policies in respect to these responsibilities after full consultation with our Allies. We do not see in the present Soviet moves any basic change in their policy or in their strategy which is to attempt to rule the world. We interpret their present moves as an effort to gain time by appearing to make concessions in order to increase their strength. Present Soviet tactics are calculated to counteract the policies of our present administration which are more vigorous toward certain areas of the world.

In his inaugural message to the Congress President Eisenhower announced the end of the neutralization of the coast of China by the 7th Fleet. The Secretary and Mr. Stassen both went to Europe in an attempt to ensure the rearming of Germany and its incorporation into the European Defense community. [2] They are both now travelling in the Middle East, an area which has previously been neglected by the United States, in order to help strengthen this area. Thus, in the Far East, Middle East and Europe, the United States is moving forward more vigorously. The present effort of the USSR constitutes an attempt to thwart this activity by attempting to prove peaceful intentions. Although we believe that under Divine Providence it is possible for the worst sinner to repent, and must be willing to keep an open mind, we must not accept the Soviets at their face value until their actions prove their words.

Unfortunately some of our allies are so anxious to relieve themselves of their present burdens that they are willing to believe the Soviet words. We must work to maintain the cooperation of these allies. We must take their views into consideration. We must, however, constantly be on guard to preserve our strength, not for one, two or three years, but for 15 or 20 years. Beginning with the Korean war in 1950, the United States and others started an effort which is of a magnitude which we cannot sustain forever. It is important to find a scale of military expenditures that can be sustained without harming our currency or economy. Stalin once wrote that the struggle in which we are engaged would last for an entire historical era, and that the moment that the Soviet blow would come would be when their adversaries were at loggerheads with each other and had exhausted themselves. Their policies therefore must be ones which can be maintained for an entire historical era.

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[2] For documentation on the Secretary's trip to Europe see vol. v, Part 2, pp. 1548 ff.

If today the United States is cutting expenditures, both for our own defense effort and for foreign aid in order to balance our budget, it is not that we think that the peril is over but that we must put ourselves in a position to maintain our defensive effort for a long time. The productive capacity of the United States is so tremendous that we can maintain strength without endangering our economy and risking inflation. This decision was taken by General Eisenhower in December during his trip to Korea, which was long before Stalin's death. What the new administration is doing, therefore, is not because it is fooled by Soviet tactics.

The Secretary stated that the reason he and Mr. Stassen are here is because of the weakness in the area between Turkey and Pakistan. He said that during their visit they were impressed with the strength of Pakistan and their willingness to fight. Beyond Pakistan there are, of course, many problems: those of Korea, Indochina and Burma. We do not wish at the moment to burden you with these problems, said the Secretary. However, we do seek your help in the Middle East. The Middle East Defense Organization, which was a plan for Middle East defense invented some two years ago, has not proven to be any good. Too many states not part of the area and too many states in the area who are more interested in quarrelling over Israel and the Suez base than the defense of the area were included in the original plan. Since Turkey is in the Middle East and is interested in its defense, I would like, said the Secretary, to hear the views of your Government on this question.

The President replied that it is true that the Turks had lived as neighbors with Russia for many centuries, during which time they had fought many bloody wars. Russian policy has always played an important part in Turkish history. At the present time, however, there are not even minor frontier incidents with Russia, of the type that occurred when they were more friendly with Russia. Two years ago the Russians forced many ethnic Turks in Bulgaria to immigrate to Turkey. Now, however, there is calm on the Bulgarian frontier. This gives the Turks a clear impression that the Russians do not have any intention of bringing pressure to bear against them. The Turks, however, do not see any change in Russian policy either toward Turkey or the world. I agree, therefore, Mr. Secretary, with what you said, stated the President. One of the Russian tactics is to compromise when necessary. However, their objective remains to rule the world by Communism. The Turks are therefore continuing preparations within the limits of their potentialities and are hoping that the other NATO countries will not relax their efforts.

The Secretary replied that he felt that the other NATO countries had the same basic attitude toward the situation that the President had expressed. In the recent NATO meeting they had in fact passed a resolution to this effect. Because of internal political pressures, however, they have taken measures which have the effect of relaxing their effort, perhaps against the better judgment of their governments.

The President commented that such relaxation is dangerous to the ultimate NATO aim, to which the Secretary agreed.

The President said that he found that the policy, as stated by the Secretary, of continuing United States military effort in such a way as not to endanger the United States economy, was wise. We cannot, he said, judge your ability. On the other hand, if the impression is created that the United States is wavering, others will relax. The United States should never let go of the rudder of the ship.

The President continued that he would be brief in his discussion of the question raised with respect to the Middle East. I too, he said, do not envisage the formation of the Middle East Defense Organization. There are a number of Arab countries and there is the so-called Arab League. When we talk with the Arab countries individually they appear to have reasonable views. However, the position of the Arab League is always the same. The Arab countries vie with each other in proving their nationalism and in proving that they are "more tough than the other guy". There are several knotty problems which they put forward in justification of their position: that of Israel, Suez, and the independence of several Arab countries. Even if these questions were solved, however, I do not believe they would be on our side. They put forward "puerile" arguments threatening the West with an association with Russia. They appear unaware of the greater danger which Russia represents. Under the circumstances we should feel free, in the event of war, to conduct our strategy as the situation dictates.

Take Suez, continued the President. The Egyptians present the Suez issue as one of independence. Independence is of course a sacred right, but we do not believe that this is the real issue in the case of Suez. How can such a strategic key position be left in the hands of people whose policy is so uncertain? My colleagues have, I believe, spoken to you in general of the present situation in the

Arab countries. I will therefore do no more than to say that in my judgment the Middle East Defense Organization cannot be set up. In their present attitude I do not believe that the Arab states would be on our side tomorrow, even if we gave them arms. In response to the Secretary's comment that the view he had expressed was a pessimistic one, the President replied "I hope I am wrong".

The Secretary asked the President if he did not consider that any of the Arab states were reliable. To this the Prime Minister replied that even if they found one, what would they do with it?

The President added that Iraq was, in their judgment, more reliable than the rest. If Abdullah were alive, he would have confidence in Jordan, because of him and because of the British influence there. In Syria, however, any tough guy with a shotgun can take over at will.

The Secretary asked whether or not the President believed that Colonel Shishikli had any real promise in Syria. The President replied that all evidence which the Turks had was to the contrary. Shishikli has many enemies. Although Shishikli was more friendly than the previous dictator, who encouraged Communism under the guise of socialism, his tenure is doubtful.

The President continued that General Naguib had in his earlier days created a favorable impression on the Turks. His policy of land reform and his attempts to raise the standard of living had given them hope. We now, however, consider him the symbol of an extremist group. I recently read a statement, said the President, which General Naguib has not denied, expressing his conviction that Malenkov is a peace-loving man who would bring peace to the world. The normal course for Egypt was to take its place among the free nations of the world to assist in solving our problems. Who is he threatening and what can he gain by these threats?

The President said that he could not express an opinion on the Saudi Arabian Government. If it were successful in raising an army he might consider it. However, even then it would not break with the Arab League with whom it must show a common front.

If threatened tomorrow, Turkey would fight for its independence and that of the free world. I cannot see, said the President, how we can join with the Arab countries. We have lived with them for many years. We have a common religion and social traditions. We have attempted to capitalize on that for three years, especially during the last five months. However, we have concluded that we cannot deal with them under their present rulers. They will not fight. People who will not risk death can never fight. Whatever needs to be done we will do so in solidarity with our allies. However, the fact is that our right flank is exposed and in great danger.

The President continued that Turkey would like to befriend the Arabs, if for no other reason than to avoid harm from them. I do not want to give up the MEDO for good, he said. We will continue to do our part along with our friends and allies. If any of the Arab states wish to speak we will be glad to talk with them. Perhaps Iraq will do so.

The Secretary said that we must not abandon our effort to build up strength on Turkey's exposed flank. The President replied that he agreed but "how will we go about it?" The Secretary said he did not know, but that we must not abandon our efforts. We must give friendly help in the hope that developments will take a different shape. If the Suez issue can be solved, and if the present tension between the Arab states and Israel can be relieved, a situation can be created which will permit development of strength in the Arab states.

The President asked in rejoinder: "How can NATO consent to the evacuation of British troops in the absence of a government in Egypt sympathetic to the NATO cause?" The Egyptians now demand unconditional evacuation of the British forces, even before discussion of the question. When we first approached Egypt in collaboration with our allies, inviting them to join in the Middle East Command, we did so under the assumption that there was no infringement of Egyptian sovereignty and that she would be accepted as an equal. If I were Egypt, I would have accepted our offer and then sought to obtain my rights. We have in the meantime frequently spoken to Egypt in friendly terms along these lines.

As to Israel, continued the President, if anyone is shocked at its independence it should be Turkey, as it formerly belonged to Turkey. We now look at Israel quite differently and are glad to recognize Israel. The Arabs, however, look at it only through their own emotions. Sentiment and ambition defy solution.

The problem of the Arab refugees, continued the President, should first be solved. If the question of the frontiers between Israel and the Arab states could be solved, the "chip on the shoulder" of the Arabs would be relieved to a considerable extent. It must be drilled into their minds that they can gain nothing by supporting Russian policy. They must be told that their present attitude is a bluff which they cannot possibly carry into action.

The Secretary replied that he greatly appreciated this frank expression by the President, the authority of which he fully respected. We still hope, however, he stated, that the Arabs can gradually be brought into an association with you and with us. I admit that the immediate situation is gloomy. However, it is possible that the Arabs will change their view and that we can make them change.

The area they occupy is so important that we must not abandon our efforts.

The Secretary thereupon stated that he understood that since the President and the Prime Minister were leaving early in the morning to visit the new Turkish brigade training for service in Korea he felt that he must part. The President replied that Turkey was proud to be fighting alongside of the American Army in Korea.

The Secretary stated that he had a letter to deliver to the President from General Eisenhower, from whom he brought greetings to the President. General Eisenhower was greatly impressed with the Turks during his visit while NATO Commander and often spoke of the great effort that the Turks were making.

The President asked to be remembered to President Eisenhower, for whom he expressed the greatest admiration.

No. 51

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the First Secretary of Embassy in Greece (Schnee) [1]

TOP SECRET [ATHENS,] May 27, 1953—4 p. m.

ST D-11

Subject: Greece

Participants:

United States	*Greece*
Secretary John Foster Dulles	Prime Minister Papagos
Honorable Harold Stassen	
Mr. Douglas MacArthur II	
Mr. Henry A. Byroade	
Ambassador Peurifoy	
Mr. Alexander Schnee	

In opening the conversation the Field Marshal expressed his great pleasure at welcoming Mr. Dulles not only because he was Secretary of State of the United States but because the Field Marshal knew of the personal leadership that Mr. Dulles had exercised in the struggle against Communism.

The dangers of Communism are well known to the Greek people, who if called upon will be prepared to make any sacrifices necessary in order to defeat Communist aggression and in order to protect their national security. Greece is fully conscious of her obligations to defend her national borders and places her common NATO commitments above all else.

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[1] This conversation took place at the office of the Prime Minister.

Despite the great harm which befell Greece as a result of the assistance Yugoslavia afforded the Communist guerillas, Greece realizes that the cooperation of Yugoslavia is necessary to the defense of the Balkans and Greece is therefore cooperating with Yugoslavia (and Turkey) to the end that the Balkan area may be made more secure. The Field Marshal stressed the role which the Balkan front could occupy in the event of the outbreak of armed conflict. Providing that the three armies (Greek, Yugoslav and Turkish) would be reinforced with the necessary war matériel, the Balkan front could become an area of active operations rather than an area of passive defense. The disadvantage of the Balkan front today lies in its inadequate depth. This position could be corrected and the front could be turned into a serious threat to the flanks of the Soviet Armies advancing in Europe.

The defense of the Balkans would be further strengthened if a *rapprochement* were reached between Yugoslavia and Italy. The Prime Minister referred to the present difficulties which centered about the forthcoming Italian elections but stated that his recent conversations with De Gasperi and the Yugoslav Foreign Minister Popovich indicated to him that both men appreciate the necessity of such a *rapprochement*. After the Italian elections the Trieste issue should be ameliorated.

The Field Marshal stated his firm conviction that freedom-loving nations must realize that their objectives can only be achieved through unity and the adoption of a common policy. The recent Soviet (peace) proposals should be received with considerable reserve and should be met by a common and firm policy. If a common and firm policy is not adopted by the free nations there is a danger that the Soviets will succeed in their efforts to shatter the unity of the allied nations or succeed in disrupting the rhythm of rearmament which has so effectively been maintained to date.

The Marshal then referred to the recent visit of Bidault, pointing out that Bidault arrived in Athens after Churchill had made his important foreign policy statement in Parliament. The Marshal informed the Secretary that Bidault had expressed the conviction that the slightest indication of deviation among the allies must be avoided at all costs.

Referring to the morale of the Greek people, the Prime Minister pointed out that even before Greece joined NATO and even if left without assistance from her friends, the Greek people were determined to resist aggression and protect their independence. The psychological resources of a nation are particularly important, more important than material factors. Referring to his experience in five wars and lessons learned from history, the Field Marshal observed that the sudden fall of states is usually due to psychological rather than material factors. Two examples were cited: (1) In 1940 during the Second World War France was crushed in three weeks. We now know that German military superiority was not as great as had been previously thought. France was lost because of the defeatist attitude of the population. French soldiers asked themselves, "Why should I fight?"—and didn't fight; (2) Greek soldiers who fought in Asia Minor did not understand the necessity of fighting what they considered to be a colonial war.

The free people must be prepared to make new sacrifices. The Greek Government is preparing the people to this end. The large amount of military expenditures maintained by the government, amounting to 43% of the national budget, constitute a heavy burden on the Greek people The Greek Government cannot do otherwise than to maintain this heavy military budget because the strength of the Greek forces is dictated by the nation's geographic location and the potential of Greece's adversaries. Greece must maintain a military establishment which will permit it to resist a sudden attack and to cover the mobilization of the Greek armed forces. To achieve this objective, Greece is required to keep twice as many men under arms as would otherwise be necessary. The Greek people understand this requirement. They have a feeling of sacrifice. The burden on the economy is reflected in the standard of living of the people.

Fortunately the present government has a strong majority, is homogeneous and is stable. The Government will not hesitate to resort to unpopular and even harsh measures. It has already done so. The Field Marshal noted that he had only entered politics in order to serve the country and that, therefore, he does not hesitate to take unpopular measures as they become necessary. He cited as an example the reduction in the salaries of the Deputies.

The Marshal then raised the subject of the projected Middle East Defense Organization, expressing the view that Greece should not be ignored in the development of such an organization. While it is true that the bulk of the Greek armed forces would operate in the Balkans, there is an inter-relationship between the defense of the Balkans and Middle East areas. If Greece were to be ignored entirely, and was not represented at least symbolically, as in Korea, the effect on the Greek people would be very unfavorable. The issue would become even more difficult were the Headquarters of a Middle East defense organization established on Cyprus. The Government, in accordance with the policy he outlined before the election, views the Cyprus problem realistically and seeks a solution which would not disrupt the existing pleasant Anglo-Greek relations, but no Greek government can afford to ignore the Cyprus issue. The issue arises not only from historical national aspirations but also from such popular axioms as "the self-determination of free people". It is most important, in the view of the Marshal, that the morale of the Greek people remain on the high level on which it stands today.

In conclusion the Prime Minister reiterated that Greece is devoted to the obligations it has undertaken vis-à-vis its allies. The best way to meet the danger lies in a true alliance of all free countries, a common policy and, above all, a firm stand against the USSR in support of the policy which the U.S. originated and which was inspired by Secretary Dulles.

The Secretary conveyed sincere and cordial greetings from President Eisenhower and stated that the President was happy to receive the personal letter from the Field Marshal. The President deeply appreciates the proposals contained in that letter. The views of the U.S. will be fully expressed in a communication to the Prime Minister. There was not sufficient time to set those views down prior to the departure of the Secretary on this trip. In particular, the U.S. appreciates the fine suggestion regarding the augmentation of Greek forces in Korea. A decision on this matter will depend upon the outcome of current discussions in Korea which may end the fighting. At this point the Prime Minister observed that Greece had originally been prepared to send one full brigade, but that the force was limited to one battalion at the request of the United States. When Marshal Papagos added that "the borders of Greece are where the fighting is going on", the Secretary commented on the fine spirit demonstrated by this remark and observed that the free world would be strengthened if all the nations shared that spirit to the same extent as does the Prime Minister.

With reference to the Secretary's expression of thanks for the Greek Government's gift of the new Embassy site, the Field Marshall observed that Ambassador Peurifoy has helped the Government very much in all its efforts since it came into office and that, more importantly, he had helped all of Greece. The gift of the site was only a small token of the gratitude of the Greek people.

With reference to Soviet Russia, the Secretary stated that the United States recognizes the possibility of a fundamental change but that evidence to date indicates a change in tactics only. The Prime Minister added that this was precisely his view. The Greeks know the Communists well and know that they have certain good points including that of always being able to pursue a realistic policy. Their final aims remain the same but they adopt different tactics as required. The Secretary noted that the tactics of the

Communists were designed to weaken the resolution of the free nations. We should do our best to thwart this.

Going back to the Prime Minister's reference to the importance of not breaking the rhythm of rearmament, the Secretary explained that the adjustments incorporated in the budget presently under consideration in the United States do not reflect any intention on the part of the United States to interrupt this rhythm. To the contrary, the purpose of these adjustments is to achieve a rate of rearmament which can be maintained over a period of time. It has long been the view of General Eisenhower, expressed to NATO, that there must be a relationship between the military establishment of a nation and the economic productivity behind the defense forces. Some slight adjustment may be necessary to achieve the required balance. It is still the intention of the United States to devote 60% of its budget to defense requirements. The United States intends to do this without creating an inflationary cycle which would increase costs and make the maintenance of the defense effort impossible. This philosophy was expressed by General Eisenhower in 1951 on the occasion of a NATO meeting in Rome. It became national U.S. policy shortly after he was elected to the Presidency. The Secretary emphasized that not by one single dollar do the adjustments in the U.S. budget reflect a weakening of the defense effort in response to recent Soviet tactics.

As regards the importance of the morale factor, Secretary Dulles stated that we share the Marshal's views with regard to the supreme importance of that factor. Therefore, we believe it is necessary to focus our attention not only on the defense build-up but also on the economic and financial factors.

With reference to the projected Middle East Defense Organization, the Secretary stated that on this trip he gained the impression that the development of a Middle East Defense Organization would have to proceed more slowly than was previously thought. It was, therefore, not yet in order to think in terms of where the headquarters of such an organization will be established. The Prime Minister stated that he understood there was much to be done in this field, particularly in the area of Anglo-Egyptian relations. The Secretary assured the Prime Minister that if at any time thought is given to the establishment of a Middle East headquarters in an area so historically important to Greece, the position of the Greek Government will be carefully considered.

The British-Egyptian difficulties regarding the Suez present a very disturbing problem. We must all exert all the influences we possess to prevent that conflict from breaking out into hostilities. Marshal Papagos quickly agreed that there was no doubt about that.

The Secretary then said he was happy to learn that the Prime Minister was thinking in terms of developing offensive possibilities in the Balkan area. The greatest security for each of us lies in the Soviet knowledge that if one is attacked, others might counterattack in some other place. If our attitude is defensive, the Soviets will be encouraged to concentrate all their forces for the offensive. We, therefore, appreciate the initiative which Greece undertook in strengthening the defense of the Balkan area. What has been started may develop into one of the strong aspects of the Balkan defense.

The Secretary then expressed U.S. appreciation of the fact that Greece has a strong government capable not only of taking forceful military measures but also capable, if necessary, of taking unpopular measures at home. By cutting the salaries of the Deputies, the Government achieved the highest mark of any democratic government!

Secretary Dulles then informed the Field Marshal that the President wished to extend an invitation to the King and Queen to visit the U.S. some time next Fall. If the Prime Minister has no objection, the Secretary will deliver the invitation this evening. The Marshal replied that not only does he not have any objection, but, to the contrary, it would make him very happy for the King and Queen, who represent the Greek people, to have the opportunity to express their thanks to the American Government and the American people for assistance extended to Greece. The Secretary expressed the view that the King and Queen would be received with admiration for the courageous spirit of Greece which they symbolize.

In conclusion, the Secretary stated that he had had good talks with Minister Markezinis in Washington. The Prime Minister stated that Greece only wants the opportunity to set the basis for a self-sufficient economy, as it realizes that economic aid cannot be continued indefinitely. As the Secretary and his party were pressed for time for their next appointment, this subject was not pursued any further.

No. 52

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Special Assistant to the Ambassador in Greece (Anschuetz) [1]

SECRET

ATHENS, May 27, 1953—5 p. m.

ST D–11/1

Subject: Greece

Participants:

United States
The Secretary
Honorable Harold Stassen
Ambassador Peurifoy
Mr. Douglas MacArthur II
Mr. Byroade
Mr. Barrows

Greece
Mr. Stephanopoulos, Minister of Foreign Affairs
Mr. Tsouderes, Minister without Portfolio
Mr. Kanellopoulos, Minister of National Defense
Mr. Kapsalis, Minister of Commerce
Mr. Papayannis, Minister of Finance

Mr. Stephanopoulos opened the conversation with words of welcome in which he gave recognition to the distinguished career of Secretary Dulles. He referred to the recent tri-pact between Greece, Turkey and Yugoslavia as well as Greece's interest in the stability of the Middle East and expressed thanks on behalf of his Government for U.S. aid and for the agreement of the U.S. to the necessity of implementing a long-term development program in Greece. (Text of Mr. Stephanopoulos' remarks are attached as Enclosure "A"). [2]

Mr. Dulles, in reply, said that the United States was aware of the effort which Greece was making to strengthen herself both in the military and economic fields. He emphasized that it was necessary to find the proper balance between economic and military effort. The U.S. at this time is likewise seeking to strike such a balance which would balance the American budget and possibly permit reduction of taxes. A program of foreign military and economic aid for the next fiscal year has been submitted to the Congress after very careful study. Mr. Dulles expressed his hope that the foreign aid program would receive favorable action but warned that it was necessary for the Executive Branch of the Government to respect the constitutional prerogative of the Congress in appropriating funds. He stated that the U.S. welcomes economic planning on the part of her allies which would make the continuation of U.S. foreign aid unnecessary.

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[1] This conversation took place at the office of the Ministry of Foreign Affairs.
[2] Not printed.

Mr. Stassen opened his remarks by saying that under President Eisenhower the Mutual Security Program will be closely coordinated with and carried out under the foreign policy leadership of Mr. Dulles. He emphasized that the financial burdens on the U.S. are extremely heavy and will affect what can be done in Greece. He pointed out that Greece is in a special position inasmuch as Greece has large volumes of military and economic aid from previous appropriations which have not yet been delivered. For this reason, Greece's present position is quite strong and therefore any new monies appropriated by the Congress will not fully reflect the total volume of aid which will arrive during FY 1954.

Mr. Stassen stated that the Mutual Security Administration had agreed that some of the aid previously appropriated, but as yet not utilized, could be used to begin certain new projects in the capital investment program provided these projects are approved and are within the limit of funds available. He cautioned that it would be necessary to make maximum use of private investment funds in order to realize a program of the magnitude contemplated by the Greek Government and pointed out that the Eisenhower Administration proposed as a matter of policy to rely upon private capital as being the more desirable form of financing a program of capital investment. Careful use of all funds available is essential if they are to fulfill the requirements of Greece and the United States. The U.S. continues to be interested in the future economic and military development of Greece; however, it should be understood that the major part of the responsibility for this development rests upon the people and the Government of Greece. Under the foreign policy guidance of Mr. Dulles the Mutual Security Administration hopes to play some part in the future development of Greece. The details of the American Aid Program for FY 1954 will be communicated to the Greek Government through the Ambassador and through the Chiefs of the Military and Economic Missions after the Congress has acted.

Mr. Kanellopoulos then expressed his appreciation for American assistance to the Greek Armed Forces. He pointed out that although the Greek Government would continue to do its best to meet its military burden, and although Marshal Papagos has declared that the Greek Government would not reduce the ceiling strength of its forces, Greece is confronted with serious budgetary increases next year resulting from the NATO obligations. He requested that the American authorities re-examine the question of Greek military expenditures.

Mr. Kanellopoulos then referred to the need for additional equipment in the Greek Army, a problem to which, he insisted, Generals Ridgway and Gruenther were very sympathetic. He pointed out that while Greece has ten (10) divisions, Bulgaria has eleven (11); Greece has 239 light tanks and 550 pieces of artillery, while Bulgaria has 750 heavy tanks and 2,000 pieces of artillery.

The Secretary then expressed his regret that his schedule would not permit a more exhaustive discussion, and particularly that he had not had opportunity to talk further with Mr. Stephanopoulos, who had played such an important part in directing the negotiations of the Greece–Turkey–Yugoslavia pact. He expressed willingness to receive and study on his return trip any memoranda which the Greek Government might care to submit prior to his departure.

At the conclusion of the meeting, an *Aide-Mémoire* setting forth Greece's views on the Middle East Defense Organization was submitted. (Copy attached as Enclosure "B"). [3]

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[3] Not printed; it emphasized the importance of Greece to any Middle East defense organization.

No. 53

Conference files, lot 59 D 95, CF 156

Memorandum of Conversation, by the Political Officer at the Legation in Libya (Mak) [1]

CONFIDENTIAL [TRIPOLI,] May 28, 1953.

ST D–12

Subject: Libya

Participants:

United States	*Libya*
The Honorable John Foster Dulles, Secretary of State.	Mahmoud Muntasser, Prime Minister and Minister of Foreign Affairs.
Mr. Harold Stassen, Director of Mutual Security Agency.	Sayyed Suleiman Jerbi, Libyan Under Secretary of State for Foreign Affairs.
Mr. Henry S. Villard, Minister to Libya.	

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[1] This conversation took place at the office of the Prime Minister.

Mr. Dayton S. Mak, Political
  Officer, American Legation.
Mr. Mirwan Afifi, Arab
  Secretary, American
  Legation.

The Libyan Prime Minister opened the discussion by welcoming the Secretary and his party to Libya. He then presented the Libyan Government's views on matters of political importance to Libya, which was followed by a statement of Libya's need for economic (financial) assistance. The Prime Minister's comments on political matters are embodied in the memorandum which he gave to the Secretary during the course of the meeting. [2]

The Prime Minister stated that he is hopeful that the United States financial contribution to Libya will be increased, pointing out that Libya is extremely poor and in great need of foreign assistance. Libya, he added, is an infant of the United Nations and consequently a child of the United States as well. The Prime Minister stated that Libya has a five million pound annual deficit which he hopes Britain and the United States, through mutual agreement, will cover. He pointed out that it will be seen from the budget figures, which are included in a memorandum given by the Prime Minister to Secretary Dulles, that the Libyan budget is primarily for "care and maintenance" and is not filled with items of extravagance and non-essentials. For example, Cyrenaica had practically no water and no electric power. It was necessary, of course, to remedy this, and in Tripolitania there are many things which must be done to improve living conditions.

It is essential, the Prime Minister stated, that Libya raise the standard of living of its people and create an economy that will not provide for the needs of the populace but will provide a bit more than the bare necessities of life. Last year, he pointed out, Cyrenaica suffered from a severe famine due to lack of rainfall. This year

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[2] Not printed; it asked the U.S. Government to reconsider the temporary military agreement concluded between Libya and the United States in December 1951. The provisions Libya wanted to renegotiate concerned the duration of the agreement and the sum allocated to Libyan assistance. (Conference files, lot 59 D 95, CF 156) For documentation on the negotiations for the temporary agreement, see *Foreign Relations*, 1951, vol. v, pp. 1313 ff.

Tripolitania, particularly in the interior, received insufficient rainfall and will be threatened by a similar famine.

The Prime Minister then switched to the subject of Communism in Libya. Tripolitania, he pointed out, unlike Cyrenaica, has a considerable foreign population and there is a constant threat of Communist propaganda and activity. Tunis is the primary source of such propaganda. The Libyan Government has been well aware of the Communist threat and found it necessary to deport a number of Italian Communists. Libya, however, has been able to confine Communist activities in the country. The best way, however, to combat Communist propaganda is to improve the standard of living of the Libyan people and eliminate hunger. To do this, Libya requires the assistance of the United States. One of the main features of United States policy is to raise the standard of living of the peoples of the world. No country has greater need for raising the standard of living of its people than Libya.

Libya, the Prime Minister said, is very sincere in its desire to cooperate closely with the United States Government. Libya needs the cooperation and assistance of the United States even more than the United States needs the cooperation of Libya. Although you may hear rumors to the effect that Libya does not want to conclude an agreement (military) with the United States, he said, I tell you now emphatically that this is not true. On the contrary, he added, it is the desire of the Libyan Government and the Libyan people not only conclude an agreement with the United States but also to conclude such an agreement as quickly as possible.

The Prime Minister concluded his remarks by expressing his great appreciation for the assistance and cooperation he has received from Minister Villard and his staff, and Colonel Anthis (Commanding Officer of Wheelus Field) and his staff. He again thanked Secretary Dulles for including Libya in his Middle East tour.

Secretary Dulles thanked the Prime Minister for his comments and expressed his great satisfaction for being able to include Libya in his tour of the Middle East. He added that President Eisenhower is likewise gratified that the Secretary's visit to Libya and the other countries of the Middle East was possible. This is evidence of the great importance that President Eisenhower places on the Middle East. At this point the Prime Minister interrupted to express the great respect and high regard of the Libyan people for President Eisenhower and his administration and he wished them the best of success.

The Secretary then expressed his great appreciation for the Libyan Government's kind gesture in giving a piece of land upon which will be built a United States Legation building. The Prime

Minister replied that the Libyan Government is very pleased to present this small gift to the American Government and he hoped to see Minister Villard soon living in the residence which is to be erected on the site. The Secretary then said he was happy that the Prime Minister appreciated the qualities of Minister Villard and pointed out that although Mr. Villard has on numerous occasions told the Libyans "No" to certain requests, this should not be taken as evidence of any lack of sympathy or understanding on his part of Libya's problems or needs. Minister Villard, it should be remembered, is doing so on direct instructions from the United States Government, which can, at times, be rather hard-hearted.

The Secretary then referred to the Prime Minister's statements regarding Libya's need for additional financial assistance from the United States and pointed out that the United States itself is having financial difficulties of its own. The people of the United States, he added, are paying possibly the highest taxes in the world, and the United States Government's budget is out of balance by a considerable amount. The American people hope and expect the new administration to reduce taxes and balance the budget. Already it is certain that the United States Government's budget will be severely cut. The budget of the Department of State alone, will be cut approximately 30%. It is certain that Congress will examine carefully the United States foreign aid program. At the same time, the Secretary added, the United States will always want to deal fairly with her friends, of whom Libya is considered as one. The Secretary stated that the Prime Minister can be assured that the United States Government will examine carefully the contents of the two memoranda (political and economic) as well as the Libyan Government's suggestions for revision of the United States Base Rights Agreement. He added that he, himself, did not come to Libya to negotiate the base agreement or any other agreement, but he assured the Prime Minister that those responsible for the negotiations will give their fair and prompt consideration. The Prime Minister then interrupted to say that the Libyans will do likewise. The Secretary stated that he accepted the Prime Minister's assurance that the Libyans desire an agreement with the United States. The Prime Minister interrupted to say "and very quickly".

The Secretary agreed that the United States needs Libya and that Libya needs the United States and the benefits which accrue to Libya as a result of the presence of the Americans. He added that formerly it was believed in every agreement between two parties, one would gain and one would lose. This is a bad principle and is neither true nor necessary. An agreement must be a mutually satisfactory arrangement. The Secretary said that undoubtedly the

Prime Minister was aware that aside from the amount of direct economic aid, Libya benefits considerably from the expenditures of the United States forces here and is provided with considerable foreign exchange in this manner. With regard to Libya's becoming a bridge between the West and the East, the Secretary stated, it is fortunate that there is such a country in the Middle East as Libya, whose leaders appreciate both the views of the East and the West.

The Secretary then pointed out that his visit is the first such visit of an American Secretary of State to the Middle East and it is evidence of President Eisenhower's realization of the importance of that area. He added that the situation in the Middle East is full of problems and even dangers. He suggested that all persons of authority in the Middle East must use their influence to prevent any conflagration over such issues as the UK-Egyptian dispute over the Suez Canal Zone.

The Secretary then presented a letter from President Eisenhower addressed to King Idris I, after which he thanked the Prime Minister for the kind reception given him and his party by the Libyan Government. He pointed out that he and Mrs. Dulles are delighted with Tripoli and wish they could stay longer.

The Prime Minister stated that Libya appreciates the heavy burden on the United States tax payers and the general burden which has fallen on the shoulders of the American people. He added, however, that the amount of money which Libya is asking from the United States is very little in comparison to the other outlays made by the United States to other countries. Although the sum asked by Libya is little, the United States Government as the donor will benefit greatly by the gift as will the West in general. Libya, he stated, is in the heart of the Mediterranean, and has a coastline of some two thousand kilometers. In case of war Libya can become a door or a dam with respect to the East. It is a bridge to Western North Africa and to the other countries in West Africa. This, however, is from the material point of view. From the moral point of view—if the Libyans have a good standard of living they will help create stability in the world. which is essential at this time.

No. 54

Editorial Note

On June 1, 1953, Secretary of State Dulles delivered a report on the Near East over radio and television networks. The report is printed in Department of State *Bulletin*, June 15, 1953, pages 831-835, and is also published as Department of State publication 5088.

MILITARY AND ECONOMIC POLICIES WITH RESPECT TO THE NEAR AND MIDDLE EAST [1]

A. CONTINUING INTEREST OF THE UNITED STATES IN DEVELOPING A REGIONAL SECURITY ORGANIZATION FOR THE DEFENSE OF THE AREA FROM EXTERNAL AGGRESSION (JANUARY 1952-MAY 1953)

No. 55

Conference files, lot 59 D 95, CF 99 [2]

Negotiating Paper Prepared in the Department of State [3]

SECRET [WASHINGTON, January 4, 1952.]
TCT D-4/2d

MIDDLE EAST COMMAND

PROBLEM

To seek active United Kingdom collaboration in the early establishment of the Middle East Command with headquarters if feasible at Cyprus.

U.S. OBJECTIVES

The Middle East Command has both political and military aspects. At the present time it is more a political problem than a military one and the United States seeks through the Middle East Command to gain active Middle Eastern cooperation with the West in the defense of the Middle East on a cooperative basis. The Middle East Command also offers a possible solution of the Anglo-Egyptian problem. On the other hand, steps leading to the establishment of a Middle East Command must not be permitted to obstruct the firm integration of Greece and Turkey into NATO.

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[1] For previous documentation concerning this subject, see *Foreign Relations*, 1951, vol. v, pp. 1 ff.

[2] Lot 59 D 95 is a collection of documentation on certain official visits of European heads of government and foreign ministers to the United States and on major international conferences (including North Atlantic Council sessions) attended by the Secretary of State for the period 1949-1955, as maintained by the Executive Secretariat of the Department of State. This lot consists of 13 feet of material, was retired by S/S, and is located in RSC boxes 94-106.

[3] This paper is an official statement of position prepared with the approval of the Secretaries of State and Defense and the Joint Chiefs of Staff as a briefing paper for the President in his discussions with Churchill. An attached cover sheet, not printed, states that "It is now approved at the official level."

PROBABLE POSITION OF THE U.K.

The United Kingdom agrees with the United States that the Middle East Command cannot be activated until after Turkey (and Greece) has been admitted into NATO[4] and until after a satisfactory command arrangement under SACEUR has been worked out. Furthermore, the United Kingdom and the United States agree that the commander of the Middle East Command should be British. The U.K. desires a British General in command of the MEC and of the Eastern Command of SACEUR and prefers that he be the same person, wearing two hats. Further, the British wish to obtain an agreement now to the relationship between the two commands (we are only committed to a U.K. commander for the MEC). Until the British wishes are fulfilled the U.K. is not inclined to take preparatory steps toward the establishment of the Middle East Command.

Position to be presented: (On U.S. initiative)

The United States Government attaches great importance to the establishment of the Middle East Command and we hope it will be possible to establish it formally about March or April, 1952. All the details of the Middle East Command can't be worked out and it cannot be established until Greece and Turkey have entered NATO and full agreement has been reached on their relationship to General Eisenhower's command. While establishment of MEC must not be permitted to interfere with or delay admission of Greece and Turkey into NATO, there is no reason why preliminary work on the Middle East Command shouldn't get under way immediately. I think representatives of the sponsoring powers and the Commonwealth nations should hold meetings in Washington on this in the near future. Of course, if it is militarily and politically feasible to effect the simultaneous establishment of the Middle East Command and NATO Command arrangements for Greece and Turkey, we should be glad to see this done.

With regard to the area of the Middle East Command we expect it to include the Arab States, Israel, the independent Arab Sheikdoms and Iran.

There are several problems relating to the Middle East Command which we are going to have to think about. Israel, for example, requires special attention. It's going to be hard to keep Israel's

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[4] For documentation, see vol. v, Part 1, pp. 107 ff. and *Foreign Relations,* 1951, vol. III, Part 1, pp. 460 ff.

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interest up and at the same time delay the invitation to Israel until it is politically practical. We must also consider at some stage the possibility of widening the area of the Middle East Command to include Pakistan. Clearly, we have to give special consideration to Turkey's views on the Middle East Command, since we want Turkey to play as active a role as possible.

As you know, the United States supports the proposal of a British General in charge of the Middle East Command. We cannot ourselves consider at this time any further extension of military commitments in the Middle East, and our participation does not involve the commitment of troops. United States participation will be limited to participation in the integrated command staff and to the provision of some military aid.

While we can have preliminary discussions on the Middle East Command, I think the most urgent thing is to press forward as rapidly as possible to complete action on bringing Greece and Turkey into NATO, and to work out their relationship to the NATO Command structure. Only when this is done and the Middle East command has been organized, and after consultation with all interested parties (including NATO), will it be possible to determine what relationships will be appropriate between the two commands. Of course, we cannot integrate the non-NATO command in the Middle East into the NATO command structure.

Just a final word on this question and that is with regard to British troops and bases in Egypt. I am sure you will agree that it would not be politically possible to place those troops and bases under MEC until Egypt accepts the MEC proposals.

DISCUSSION

The British may balk at our proposal to proceed rapidly with the Middle East Command until they receive full assurance that the United States agrees to a British Commander for NATO Eastern flank command as well as for the Middle East Command. A further cause for British delay may be their desire that the same British General hold both of these commands. The Middle East Command is important to the achievement of our political objectives in the Middle East and delay in its establishment will further prejudice the Western political position in that area.

No. 54

Conference files, lot 59 D 95, CF 100

United States Minutes of Meeting, Washington, The White House (Cabinet Room), January 8, 1952, 11 a. m. [1]

TOP SECRET

TCT MIN-3

Present:

U.S.

- The President
  - Mr. Short
  - Mr. Murphy
  - Mr. Lloyd
- Secretary Acheson
  - Mr. Matthews
  - Mr. Perkins
  - Ambassador Gifford
  - Mr. Bohlen
  - Mr. Knight
  - Mr. Berry
  - Mr. Allison
- Secretary Lovett
  - General Bradley
  - Admiral Fechteler
- Secretary Snyder
  - Mr. Willis
- Mr. Harriman

U.K.

- Prime Minister Churchill
- Mr. Eden
- Lord Cherwell
- Lord Ismay
- Ambassador Franks
- Sir Norman Brook
- Sir Roger Makins
- Mr. Shuckburgh
- Mr. Leishman
- Mr. Colville
- Mr. Pitblado
- Mr. Gore-Booth
- Mr. Mallaby
- Field Marshal Sir William Slim
- Admiral Sir Roderick McGrigor
- Air Marshal Sir William Elliott
- Sir Kenneth McLean
- Mr. Burrows
- Mr. Tomlinson

1. Middle East Command

At the President's invitation Mr. Churchill opened the discussion.

Mr. Churchill said that he wanted to make clear the current position of the UK in the Middle East. This position has been deeply altered by the disappearance of the Indian Army as a British military instrument as a result of Indian independence. Of course, UK communications with Australia and New Zealand remain always possible around the Cape but this is a long and inefficient route.

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[1] These minutes were drafted by Knight on Jan. 9. This meeting was the third in a series of four held by the President and the Prime Minister on Jan. 7 and 8. A joint communiqué by the two leaders, giving a brief account of the meetings, was issued as a press release by the White House on Jan. 9. (Department of State *Bulletin*, Jan. 14, 1952, p. 83) For further documentation on Prime Minister Churchill's visit, see volume. VI, Part 1.

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The Prime Minister then briefly referred to the current difficulties in Iran;[2] mentioned the unstable situation in the Near Eastern countries and referred to Israel over which the British have no control. Turning to Egypt,[3] he said that the UK was there to perform solely an international duty by keeping the Canal open for international trade. More traffic is going through the Canal now than ever before. British forces are not in the area for promoting in any manner British imperialist interests. As the British are performing an international task in the Canal Zone, the burden cannot be left indefinitely on their shoulders alone. According to the Prime Minister the US proposal for a four-power pact (i.e., UK–US–French–Turkish sponsorship of the MEC) is the best thought to date in relation to this area and the UK wishes to support it in every way. The sooner the four-power proposal is implemented, the better. Referring to the MEC, Mr. Churchill declared that the Turks would be more likely to participate wholeheartedly if they were directly under General Eisenhower's command within NATO. He then referred to the importance of the US sending a symbolic brigade to the Suez Canal area and stressed the great importance of the four powers all sending token forces to this area. He thought that such a proof of solidarity should bring the difficulties with Egypt very quickly to an end. He said that the Egyptian situation was tying up British forces badly needed in Europe and elsewhere, that the UK was completely unprotected, and that he was most anxious to redeploy UK forces now in Egypt where they would be more useful. Hence the importance of the four powers sending token forces to Egypt which would quickly adopt a reasonable attitude when faced with such a common front. Concerning the Middle East Command itself, he said that, should the US so desire, the UK would be willing to appoint a British Commander for the MEC. Indeed, he thought that this would be natural in view of the size of the British forces in the area and of the task which they are now performing. Nevertheless, he wanted to make quite clear the UK did not desire or expect national benefits therefrom and re-emphasized that the British are only discharging an international duty, and a most painful one, in the Canal Area. Mr. Churchill also stressed that a British commander of the MEC must not be considered as compensation for British "losses" elsewhere (i.e., the MEC is not part of any *quid pro quo*).

Mr. Eden then referred to the command set-up itself and to the talks thereon between France, the UK and US in Rome.[4]

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[2] For documentation, see volume x.

[3] For documentation, see Documents 947 ff.

[4] Regarding the November 1951 talks, see the editorial note, *Foreign Relations*, 1951, vol. III, Part 1, p. 1312.

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Mr. Acheson mentioned the political factors involved. He said that it is most important politically to move forward with the establishment of the MEC. Obviously, Greece and Turkey would have to be full members of NATO before this could be complete. [5] However, the US is most eager to work closely with the British and French so that the MEC can be set up by March or April. With reference to NATO command arrangements for Greece and Turkey, they would have to be separate from the MEC. At one time the US had thought that the two-hat concept would be possible with the same officer commanding both the MEC and the Eastern Command of NATO. Now the US has come to the conclusion that such an arrangement could not work and that the NATO command must be quite separate and distinct from the MEC.

Mr. Lovett concurred in Mr. Acheson's statement.

General Bradley then said the US Joint Chiefs of Staff thought that, all things considered, the best way of placing Greece and Turkey in the NATO Command framework would be through the extension of Admiral Carney's command to include these two countries. From the military point of view it would be better to set up a fourth command under General Eisenhower but, in view of Greece's and Turkey's stand, for political reasons, the Joint Chiefs of Staff thought the easiest and most practical solution resided in extending Admiral Carney's command. At a later date should it become apparent that Admiral Carney is over-extended, it ought to be possible to split his command.

Field Marshal Slim declared that the UK Chiefs agreed with General Bradley. The proposed arrangement would indeed place too large a military burden on Admiral Carney but there seemed to be no alternative to accepting General Bradley's proposal in view of the position of Greece and Turkey. In case of war this command structure would have to be immediately changed. Field Marshal Slim then pointed out that, regardless of the intense interest of the Turks in being recognized as a European power, it was a fact which no one could change that they were geographically situated in the Middle East. Turkey is the only country in the Middle East which can make a real contribution to the MEC and a proper link between the MEC and Admiral Carney's command must be established. Furthermore, a proper Turkish contribution to the MEC must be obtained. He did not think there would be any trouble on the latter score in view of the assurances received from the Prime Minister and Defense Minister of Turkey by General Bradley and himself when they visited Ankara last fall. He then proposed as the link between the MEC and Admiral Carney that the "Commander of the Turkish Front" also be the deputy to the MEC Commander or, he added "something of that nature".

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[5] For documentation, see vol. v, Part 1, pp. 107 ff. and *Foreign Relations*, 1951, vol. III, Part 1, pp. 460 ff.

General Bradley declared that he agreed with everything Field Marshal Slim said excepting that he did not agree with the NATO Commander in Turkey holding any position in the MEC. The US could not accept this suggestion as it saw nothing but trouble in the two-hat concept. He proposed that we should see later what can be worked out. For the time being the two commands should be kept entirely distinct as otherwise there would be objections not only from Greece and Turkey but also "on the Northern flank".

2. Coordination of US–UK Policies in the Middle East: Egypt and Iran

After saying that it was vital that the UK and the US understand each other on all these matters, the President asked Mr. Acheson to speak.

Referring to Egypt, the Secretary of State said that he and Mr. Eden had discussed this situation at some length Saturday night on the *Williamsburg*[6] and that he expected to have other talks with Mr. Eden while he was here. The prime purpose of these talks would be to work out a new four-power approach to Egypt. In view of the importance which the King of Egypt places on the matter this new approach should include his recognition as King of the Sudan. However, before granting this recognition to the King of Egypt, it would be necessary to assure ourselves of certain conditions beforehand. The King would have to agree to self-determination of the Sudan and to refrain from upsetting any Sudanese regime. He also would have to agree beforehand to accept the four-power proposal concerning the MEC. Althrough not mentioned as a pre-condition, Mr. Acheson said that the King of Egypt should cooperate in dispelling the existing misconceptions in Egypt concerning the nature of the original four-power proposal. He expressed confidence that he could reach agreement with Mr. Eden as to the course of action to be followed by [*but*] that it was not clear as to the best moment for breaking the present deadlock.

Mr. Eden stated that he agreed with much that Mr. Acheson had said. However, the King of Egypt does not want the four powers to move now. He thought it was very important to make it quite clear that there had been full agreement at this meeting on the line which should be pursued by the US and UK in relation to Egypt and that this might so influence the Egyptian Government that it might advance the date when a new four-power proposal could advantageously be made. According to the British Foreign Secretary, the main complication for the UK in recognizing King Farouk as King of the Sudan lay in the fact that such recognition would be generally interpreted throughout Egypt as British acceptance of the abrogation of the Treaty of 1899 and of the resulting condominium over the Sudan. To make possible British recognition of King Farouk as King of the Sudan it would first be necessary for the Egyptians to return to the terms of the Treaty of 1899 and abide thereby.

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[6] President Truman, Churchill, Eden, Acheson, and staff members held a conference aboard the presidential yacht *Williamsburg* on Saturday evening, Jan. 5, at which a large number of matters were briefly discussed. A set of notes dictated by General Bradley, dated Jan. 10, is in the Conference files, lot 59 D 95, CF 100. A memorandum attached to the notes reads: "General Bradley asked me to inform you that these notes are sketchy and are by no means complete."

Mr. Chruchill then stressed the importance of making fully clear in the communiqué UK-US agreement as to the policy to be followed in relation to Egypt.

Mr. Eden added that it would also be helpful if the communiqué made it crystal clear that the US and the UK had made up their minds to proceed vigourously with the establishment of the MEC. This should have many beneficial effects throughout the Middle East area.

Mr. Truman requested Mr. Acheson to pursue his talks with Mr. Eden concerning Egypt and then referred to his grave worries over the Iranian situation.

Mr. Eden spoke about the current negotiations between the International Bank and the Iranian Government and questioned the recent unfavorable answer from Mosadeq. However, he understands that the Bank intends to continue negotiations and will answer Mosadeq's questions. Mr. Eden had seen the Bank's representatives and the UK is entirely willing to have the Bank continue to play the hand which has been started. For the time being at least, there is no doubt that the right thing to do is to carry on with the procedure which has been initiated. However, Mr. Eden expressed doubts as to the chances of success. He added that the UK was fully ready to examine anything else which might bring the US and the UK in closer harmony with regard to Iran. In his opinion, the price of oil was the essence of current negotiations and US-UK agreement on this subject would be necessary before these negotiations could succeed.

Secretary Acheson said it would be very helpful if Mr. Eden would work on this subject with US officials while he was in Washington. He thought that the Bank needed help both on procedure and on substance. He then commented on the conspiratorial manner in which it was necessary to deal with Mosadeq and to the latter's idiosyncrasies which seem to center largely around his fear that he would be considered in Iran as "having sold out to the West". Referring to the Iranian situation as a whole, Mr. Acheson expressed the conviction that it was necessary to introduce a new element of substance without delay as the old proposals were now worn out and were discarded automatically by Mosadeq as soon as mentioned.

Mr. Snyder raised the point of how the International Bank would be able to withdraw from its position as a trustee for oil funds under the scheme now being discussed between the Bank and the Iranian Government. He said that, while it would be a simple matter for the Bank to accept this responsibility, it might be very difficult for the Bank to withdraw from it.

Mr. Eden made the point that, while the Labor Government had taken the position that it refused to negotiate further with the Iranian Government, the New British Government, on the contrary, has expressed its desire to negotiate. However, if the Iranian Government remains obdurate, there will have to be some change in our approach to the Iranians as has been the case for Egypt.

Mr. Churchill stressed that close US-UK cooperation in the Middle East should "divide the difficulties by ten".

The President declared that US-UK agreement was necessary for any settlement of Middle Eastern problems.

Mr. Churchill said that the cards had now been laid on the table, that Mr. Eden and Mr. Acheson could proceed privately and perhaps he and the President might discuss the Middle East again, and in particular, the Iranian situation when he returned from Canada next week.

[Here follows discussion of matters of common concern in Asia.]

No. 57

780.5/1-1552

Memorandum of Conversation, by the Officer in Charge of Turkish Affairs (Moore)

SECRET [WASHINGTON,] January 15, 1952.

Subject: Turkish Views on the NATO Command Relationship

Participants: Mr. Feridun C. Erkin, Turkish Ambassador
Mr. Burton Y. Berry, Acting Assistant Secretary, NEA
Mr. C. Robert Moore, GTI

Ambassador Erkin called on Mr. Berry today to discuss with him the Truman-Churchill conversations with particular reference to the Middle East area. Mr. Berry emphasized that the talks had been helpful, that the purpose had not been to take up specific issues and to reach specific agreements, but simply to have a discussion of problems of common concern and with the idea that this would contribute to finding ways in which solutions to problems could be advanced.

With specific reference to the Middle East, Mr. Berry commented that Iran and Egypt had been the principal subjects of discussion. At the meetings the hope was expressed that the IBRD efforts to reach a solution to the Iranian oil problem would be successful. In Egypt the problem is very serious. We continue to base our confidence in the offer contained in the four power approach of last autumn. We plan to move ahead with the other powers in establishing the Middle East Command, believing that when something specific has been created, the Middle Eastern countries will be more inclined to give favorable consideration to participation. We believe the principles of the Middle East Command are good and that the Middle Eastern states eventually will recognize that they are in accord with their own interests.

Ambassador Erkin then asked whether the Command arrangements with respect to Turkey had been discussed. Mr. Berry said that the subject had come up. He added that he understood that the British Government had informed the Turkish Government that it agreed that Turkey should fall under SACEUR. Ambassador Erkin confirmed that Sir Knox Helm, the British Ambassador, had so informed the Foreign Minister several days ago. This he felt was a very desirable development.

The Ambassador referred to another aspect of the Command problem. Some time ago General Grigoropoulos, in discussing with the Standing Group Greek views on the Command organization, had stated that Greece favored an extension of the Carney Command to include Greece. When asked if there was not some alternative arrangement that would be satisfactory, he mentioned the creation of a fourth command under SACEUR. Subsequently Admiral Ulusan outlined the Turkish view which also envisaged the extension of the Carney Command. Admiral Wright had then asked for Admiral Ulusan's views on the idea of a fourth command. The latter immediately consulted Ankara (Ambassador Erkin was on leave at the time). The Foreign Office cabled the Ambassador that it would accept the idea of a fourth command. However, he felt from the tone of the telegram that the Turkish acceptance was based on the belief that the United States favored such an alternative. On the Ambassador's instructions, Admiral Ulusan informed Admiral Wright confidently that Turkey would accept the idea of a fourth command, but with great reluctance. At Admiral Wright's suggestion he also informed General Bradley and the Chief of Naval Operations. General Bradley had replied that he was well aware of the Turkish views and had no intention of forcing any solution on the Turks which they could not find acceptable.

Ambassador Erkin then commented to Mr. Berry that entirely apart from the creation of a fourth command under SACEUR was the question of the "personality" of the Commander. He personally felt that the power contributing the greatest strength to the Command should furnish the Commander. In other words, the country supplying the Commander should have more than simply the "personality" to offer. The matter was not pursued further as it was accepted that the problem of Command arrangements seemed to be proceeding along satisfactory lines towards a solution.

Subsequent to his visit with Mr. Berry, Ambassador Erkin called Mr. Moore to advise him that he had just received a telegram from Ankara confirming that the Turkish Government's indicated willingness to accept a fourth command under SACEUR stemmed from its belief that the United States had favored such a proposal. The Turkish Government still adheres very strongly to its original position that Admiral Carney's Command should be extended to include Greece and Turkey and would accept the other alternative with great reluctance. He further commented on his statement with respect to the "personality" of the Commander. He wanted to make clear that he had not meant to imply that a Turk should be appointed as Commander of a fourth Command. He felt this would be as unacceptable to the Greeks as a Greek Commander would be to the Turks. He had in mind that an American would be the most logical choice.

No. 58

780.5/1-3152

Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern Affairs (Kopper)

SECRET [WASHINGTON,] January 31, 1952.

Subject: British Views on the Early Establishment of the MEC.

Participants: Mr. Bernard A. B. Burrows, Counselor, British Embassy.
Mr. Denis Greenhill, First Secretary, British Embassy.
Mr. F. W. Marten, First Secretary, British Embassy.
Mr. Burton Y. Berry, Acting Asst. Secretary, NEA.

Mr. G. Lewis Jones, Acting Deputy Asst. Secretary, NEA.
Mr. Harold B. Hoskins, Regional Planning Adviser, NEA.
Mr. Alexander B. Daspit, Politico-military Adviser, NEA.
Mr. John H. Ferguson, Deputy Director, S/P.
Mr. Francis L. Spalding, Intelligence Adviser, RA.
Mr. Samuel K. C. Kopper, Acting Director, NE.

Representatives of the British Embassy called on Mr. Berry this afternoon to inform the Department of the most recent British views regarding the establishment of the Middle East Command. Mr. Burrows said that the Foreign Office now believed that it was time to get along with the establishment of the MEC. He then distributed the two attached memoranda [1] which he said represented the latest thinking. He pointed out, however, that these papers had been prepared before the new government of Ali Maher Pasha had taken over in Egypt. [2]

Mr. Burrows said that the UK now believed: (1) there was no further obstacle to setting up MEC now that Greece and Turkey were just about in NATO; (2) it was necessary to get on with MEC if the Middle East countries were to take it seriously. There were points of tactics which remained to be settled such as the type of organization to be set up; timing of meetings; when to talk to the Turks, etc. The French Government was also being informed of the British views now. Finally, the UK thought that it would be a good idea to have a meeting of the sponsoring powers in London in the first part of March immediately after the NATO Lisbon meeting. [3]

Mr. Berry said that he was glad to see that there were proposals to get ahead with the MEC. He observed that we might have to talk with the Turks earlier. Mr. Burrows envisaged informing the Turks before Lisbon. Mr. Jones wondered whether the British had given thought to the possibility of Egypt joining in the post-Lisbon meeting. Mr. Ferguson believed that we ought to consider getting Egypt in if it was at all possible. Mr. Burrows said that several of these points had occurred to the British Embassy here. They had already made them known to London.

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[1] The attached memoranda comprise one part of a British diplomatic-military approach to the U.S. Government. Also, on Jan. 31, the British Air Chief Marshal sent a letter to Gen. Omar Bradley concerning the establishment of a Middle East Command. For a summary of the letter, see footnote 2, Document 64.

[2] For documentation regarding the fall of the Wafd government following the Jan. 26 riots in Cairo, see Document 956 ff.

[3] For documentation on the Lisbon meeting, see vol. v, Part 1, pp. 107 ff.

Mr. Ferguson asked whether the MEC would have arms supply functions. Mr. Greenhill replied that this was to be left to the tripartite coordinating organization which would have the coordinating powers. Eventually it might be absorbed in MEC. There ensued a discussion as to when the Turks should be informed. Mr. Jones and Mr. Kopper felt that it ought to be as soon as possible. Mr. Marten thought that the three powers should first get their views in order. Mr. Berry said that it was essential that this be done before Lisbon.

Mr. Jones asked whether the Commonwealth would be in on the London meeting. Mr. Marten replied that the Commonwealth would be kept informed in the same way the Turks were being informed. Mr. Jones asked what sort of representation the British would expect at the London meeting. Mr. Burrows said that reasonably high representation on both the politico and military side. While the discussions would be secret, it would be no secret that the meetings were taking place. Mr. Spalding questioned whether London was the best place to hold the meeting. He suggested Cyprus. Mr. Jones inquired by inference about Washington. Mr. Burrows repeated that the British hoped it would be in London.

Mr. Hoskins said that we should keep the Arab States in mind and not do anything which was going to make our selling of the MEC more difficult. Mr. Burrows said this was a good point which they would keep in mind as well as the desirability of having Egypt join in the talks.

[Attachment I]

The British Embassy to the Department of State

SECRET [WASHINGTON, January 31, 1952.]

MIDDLE EAST COMMAND

Since the summer of 1951 the United States and the United Kingdom have been agreed in principle on urging the desirability of setting up a Supreme Allied Command in the Middle East.

2. In November 1951 the Governments of France, Turkey, U.K. and the U.S., with the knowledge and support of the Governments of Australia, New Zealand and the Union of South Africa, published proposals for the establishment of an Allied Middle East Command.

3. These proposals had been submitted to the Egyptian Government before publication with the suggestion that Egypt should join with the other four Powers in sponsoring them. The Egyptian Gov-

ernment refused to have anything to do with the proposals. After the Egyptian refusal, the four Powers re-affirmed their intention to establish the Command.

4. It has been necessary to defer action until now so that the relationship of Greece and Turkey to the NATO command structure could be determined. Now that this issue is on a fair way to settlement by the inclusion of Greece and Turkey in NATO under SHAPE, and leaving aside the question of Egyptian participation, the time has come to consider what practical steps can be taken in the immediate future and to discuss what form the embryo organisation should take. It may not be opportune at this time to set up a Supreme Allied Headquarters of a fully operational nature such as SHAPE and SACLANT but the British Government urges that first steps towards the establishment of the Command on the lines of the attached memorandum be taken forthwith.

5. Air Chief Marshal Sir William Elliot is giving copies of the attached memorandum to General Bradley and General Ely. His Majesty's Ambassador in Paris is informing the Quai D'Orsay of the nature of the steps suggested in the memorandum. We would like to obtain the general agreement of the U.S. and French Governments to our suggestions, so that we can also approach the Turks and the Commonwealth countries concerned.

6. We realise that the Turks may hesitate to join in any discussions about the organisation of the Middle East Command until they have been finally admitted to NATO and are certain of their position under SHAPE. We would therefore propose that the politico-military talks in London should not begin until after the Atlantic Council Meeting in Lisbon.

7. Our idea is that the Council should agree that Turkey and Greece should form part of Admiral Carney's Southern Command and should pass a resolution to this effect to come into force automatically on their entry into NATO. This should go a long way to meet Turkey's fear that she will be side-tracked into the Middle East Command before her position in NATO is firm. At the same time we would propose that Turkey should receive formal assurances on this point from the three Standing Group powers. The effect of these assurances would be that Turkey's position in relation to the Middle East Command would be identical with that of the United States, France and ourselves, i.e. Turkey would be a full member of NATO who, by reason of her non-NATO interests, had decided to collaborate with other NATO powers in making arrangements for the defense of the Middle East. We should hope that the effect of these assurances would be to obtain Turkey's agreement to start discussion on the Middle East Command immediately after Lisbon.

8. If agreement is reached in time for an announcement to be made at the Lisbon meeting of the North Atlantic Council, the sponsoring powers could meet in London early in March to take the first steps toward establishment of a Middle East Command.

9. We should be glad to have the views of the United States Government on this proposal.

[Attachment II]

The British Embassy to the Department of State

SECRET [WASHINGTON, January 31, 1952.]

ALLIED MIDDLE EAST COMMAND

1. The United Kingdom believes that there should be no further delay in taking the first steps to establish the Middle East Command. It may not yet be opportune to set up a fully operational command and headquarters, but nevertheless the need for coordinated planning is as great as ever, if not more so.

2. We are still anxious that Egypt should participate in the Command arrangements. Irrespective of the decision on this question, we feel, however, that it is now necessary to proceed with the preliminary steps. With this end in view the United Kingdom proposes that there should be a meeting of the Four Powers concerned in the Declaration and the interested Commonwealth countries, Australia, New Zealand and South Africa.

3. Subject to the agreement of the powers concerned, it is suggested that the Conference should be held in London in early March, soon after the conclusion of the Lisbon NATO meetings, and that an announcement to this effect should be made at Lisbon.

4. The United Kingdom's views on a possible Command Organisation and its functions are outlined below.

THE MIDDLE EAST COMMAND ORGANISATION (MECO)

5. The aim should be to set up a nucleus Middle East Command Organisation, outside NATO, in accordance with the principles set out in the Quadripartite Declaration, which would be an effective Planning Organisation for planning the defence of the Middle East in war.

6. Since it seems unlikely that the Headquarters of such an organisation can be in Egypt under present conditions, the United Kingdom is prepared to offer Cyprus for the purpose. This would be without prejudice to the eventual location of the headquarters of the Middle East Command Organisation.

7. The first stage of the Command should be as a planning, coordinating, and liaison organisation only, rather on the lines of the early Western Union organisation at Fontainbleau. It should, nevertheless, be called and be organised as a Command Headquarters since, should war occur before MECO has progressed beyond this embryo stage, it would provide an immediate basis for expansion to a Supreme Command Organisation.

8. Later the Command should evolve in accordance with paragraph 11 of the Paris Declaration into a fully fledged integrated Allied Command with forces assigned or earmarked. It is impossible, in present circumstances, to estimate when this state of development might be reached, nor is it necessary to consider the matter at this stage, except insofar that the basic organisation must allow for such eventual progress.

9. There should be no Forces placed under the Allied Command until the organisation has taken shape and the present unsettled situation in the Middle East is resolved or greatly improved. Nor at this stage should the Head of the organisation be called a Supreme Commander but something on the lines of Chairman of MECO and Supreme Commander designate.

FUNCTIONS OF MECO

10. The functions of the Command must follow closely those outlined in the Paris Declaration and should be:—

a. To be a centre of cooperative efforts for Defence of the Middle East as a whole (para. 3 of the Declaration).

b. Planning and providing the Middle East States on their request with assistance in the form of advice and training (para. 5).

c. The coordination of requests by Middle East States for arms and equipment (para. 5).

d. To make plans for the operations in War of all Forces within or to be introduced into the area (para. 6) and to coordinate them with the operations of the adjoining NATO Command in the Eastern Mediterranean and Asia Minor.

e. To initiate the Middle East Defence Liaison Organisation which is to be the link between the MECO and Countries ready to join in the Defence of this area (para. 7).

f. To reduce such deficiencies as exist at present in the organisation and capacity for defence in the area (para. 10).

HIGHER DIRECTION OF MECO

11. Middle East Command Organisation will require some form of Higher Direction in the political, military and supply spheres. Broadly these might take shape as follows.

12. *Political:* The method of conveying political guidance to the Command requires further consideration.

13. *Military:* There should be a Middle East Military Committee consisting initially of representatives of the seven sponsoring powers, but it would appear that some smaller body, for instance a Steering Committee, will probably be necessary.

14. *Logistics:* The supply of arms must, at present, come from U.S., U.K. and France. This sphere may conflict with NATO and should thus be closely allied to it. The proposed tripartite arms agency for the Middle East could be dovetailed into the NATO organisation for coordination of supply and production.

COORDINATION WITH ADJACENT COMMANDS

15. It will be for MECO, when established to evolve the arrangements for operational coordination between the Command and the adjacent Allied Commands. In the case of adjoining NATO Commands in the Mediterranean this will have to be resolved between the Chairman of MECO and SACEUR.

No. 59

780.5/2-552: Telegram

The Ambassador in Turkey (McGhee) to the Department of State

SECRET ANKARA, February 5, 1952—4 p. m.

710. Brit Amb advised me that London has proposed to Washington and Paris that Turk and Greece be brought into NATO under Carney and that Turk wld be told at same time that they wld be expected make contribution to MEC and that mtg wld be held in London immed after their entry into NATO for purpose moving forward with org of command. FonOff advises him that Dept reaction favorable. I assume Dept will, of course, advise me fully before any final decisions are taken in this matter. We wld in particular wish to know more as soon as Turk can be officially advised that she will be admitted to NATO under Carney. Arnold advised me today of JC's decision on this question which, I assume, now only awaits final action SG. We wld also like be able prior to agreement by other three powers discuss with Turks question of MEC mtg.

Brit Amb here is almost as concerned as I, as I have expressed in recent telegrams, of tendency London seek agreement with US and even France on MEC matters to be presented to Turks as *fait accompli*. He is, of course, aware of grave suspicion that exists here with respect to MEC and fact that whole-hearted Turk participation in MEC, which is gen unpopular both in govt and private circles, will require very delicate handling. I strongly urge that there be no US-UK or US-UK-Fr agreement on mtg or any other MEC matter without prior consultation with Turks. I urge that Turks be advised that there wld be no formal MEC discussions until after their entry into NATO and that four powers will then consult as equals as to next steps to be taken. I hope that Dept will in future keep us better advised with respect to MEC developments. To date I have recd nothing to indicate progress of US-UK or SG discussions and am embarrassed by fact that I have recd no reply to Embtel 671, Jan 26,[1] making it impossible discuss MEC with FonMin as agreed. I hope that GTI will follow MEC developments with same interest as NE. MEC cannot be successfully developed on basis private deals between US and Brit. We can only assure Turk coop if they are in fact, as well as in name treated as equal partner in development of MEC concept and org.

McGhee

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[1] Not printed; it requested the Department of State's latest thinking on the Middle East Command, including any matters discussed with the British which had not been relayed to the Turks, in preparation for talks with the Turkish Foreign Minister the following week on the Command. (780.5/1-2652)

No. 60

780.5/1-2652: Telegram

The Secretary of State to the Embassy in Turkey [1]

SECRET WASHINGTON, February 6, 1952—8:56 p. m.

661. Fol is round-up re MEC (re Ankara 671 Jan 26 [2] and 710 Feb 5). [3]

A. Pres and Churchill reaffirmed agreement sponsoring powers proceed estab MEC without delay. [4] Brit Gov in Morrison-Acheson exchange Oct agreed to initial location MEC hq on Cyprus though generally accepted that in long run hq shld be located Suez if possible. [5] Fol this line thought, Dept suggested to Defense Dec 29 that State-Defense working grp estab US position re location, nature and complement MEC hq for which Mar-Apr wld be target date establishment. [6] Defense has not yet replied.

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[1] Repeated for information to London, Paris, and Cairo.

[2] See footnote 1, *supra*.

[3] *Supra*.

[4] See the minutes of the White House meeting of Jan. 8, Document 56.

[5] Regarding this exchange, see the editorial note, *Foreign Relations*, 1951, vol. v, p. 208.

[6] For the Dec. 29 letter, see *ibid.*, p. 265.

B. On basis msgs recd from Turkey we have reminded Brit several times of danger offending Turks by asking them rubber-stamp US-UK, or US-UK-French proposals on MEC (Deptel 613 Jan 22 to Ankara). [7]

C. Brit Emb Wash Jan 31 handed Dept two memos re MEC. [8] Substance begins: UK requested views US (French views similarly requested) on proposal there be mtg four sponsoring powers and interested Commonwealth countries Austral, NZ, So Afr take prelim steps re estab MEC through discussion form "embryo org shld take". Suggested mtg be held London early Mar, mtg to be announced at Lisbon after Turks certain of position under SHAPE. [9] Brit propose latter be assured by NATO resolution and formal assurances by three Standing Group Powers agreeing Turkey and Greece form part Carney's Southern Command automatically upon their entry into NATO. In effect Turkey wld then be in same relation MEC as US, UK and France, i.e., NATO member collaborating, due non-NATO interests, in defense arrangements ME.

D. Continuing substance memos, Brit ideas re embryo MEC org (MECO) to be discussed proposed Mar mtg are: (1) Aim is estab nucleus MECO in accord Nov 10 prins [10] which wld be effective org for planning defense of ME in war. (2) Since Egypt not likely be available in present circumstances, UK prepared offer Cyprus as location hq, without prejudice final location MEC hq. (3) First stage MECO shld be as planning, coordg, liaison org only, but shld be called and organized as Cmd hq since wld provide immed basis for expansion to Supreme Cmd shld war occur during embryo stage MECO. (4) While MECO will later evolve along lines para 11 Nov 10 prins into fully integrated AMEC [*MEC*?] with forces assigned or earmarked, it is imposs estim time and unnec consider this evolution now except allow for such eventual progress. (5) No forces placed at present under MECO. Head MECO at this stage wld not be called Supreme Comdr; title something like Chmn MECO and SACME-designate until org takes shape and present unsettled conditions ME resolved or greatly improved. (6) Functions MECO must closely fol those outlined Nov 10 decln. MECO shld be (a) center coop efforts for defense ME as whole (para 3 decln); (b) planning and providing ME states, on their request, assistance in form advice and training (para 5); (c) coordination requests ME states for arms and equipment (para 5); (d) make plans for wartime operations all forces in or to be introduced into area (para 6) and coordinate forces with opns adjoining NATO Cmd in Eastern Med and Asia Minor; (e) initiate ME def Liaison Office (MEDLO) as link between MECO and countries ready join in defense of area (para 7); (f) reduce existing deficiencies in operation and capacity for defense of area (para 10). (7) Brit memo states further consideration required Higher Direction MECO in polit, mil, and logistical spheres: (a) polit—discussions re method conveying polit guidance to cmd; (b) mil–ME mil comite consisting initially reps seven sponsoring powers; may have to form smaller Steering Comite; (c) logistical—supply of arms from US, UK and France may conflict with NATO, so shld be closely allied through dovetailing tripartite arms agency with NATO orgs coordinating supply production. (8) MECO shld evolve arrangements for operational coordination with adjacent NATO cmds. Substance Brit memo ends.

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[7] Not printed; it informed the Ambassador in Turkey the Department of State was mindful of the importance of Turkish and French views on defense proposals for the Middle East, but preferred to postpone four-power consultations until the road ahead was clearer. The Department hoped, however, that the Turks would convey through the Ambassador any general views they wished the Department to consider in advance of four-power consultation.

[8] Regarding these memoranda, see the memorandum of conversation, Document 58.

[9] Telegram 3971 to London, Feb. 8, not printed, reported the British Embassy had advised the Department of State that day that the United Kingdom had reconsidered its position since the new Egyptian Government took power and agreed with the United States that no attempt should be made at that time to fix a date for the seven-power meeting or to announce the intention to hold a meeting. (780.5/2-852)

[10] The text of the Nov. 10 principles, also known as the Paris Declaration, is printed in Department of State *Bulletin*, Nov. 19, 1951, pp. 817-818. For documentation on the adoption of the principles, see *Foreign Relations*, 1951, vol. v, pp. 238 ff.

E. Brit Embs Paris, Ankara and Cairo can supply AmEmbs with text Brit memos which were drafted before Maher Govt assumed office.

F. Dept regards Maher's indications he in certain circumstances willing sit down discuss Def proposals with sponsoring states important new development. It is gen agreed Egypt is key to Arab acceptance MEC; if Anglo-Egypt differences can be settled, there seems little doubt that other Arab states wld be emboldened participate at least to limited degree MEC. US has been advocating resumption quiet talks along lines Secy's suggestion to Egypt Amb Jan 21 (Deptel 3460 Jan 22 to London, rptd Ankara 612, Paris 4236, Cairo 1053).[11] When talks reach four-power proposals UK will indicate it is not empowered speak for all four sponsors re these proposals. We presume it wld be at this stage that Turks, French and US wld be brought in, or alternatively, if outcome discussions wld be jeopardized by working level mtg to consider embryo MECO,

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[11] Not printed; it reported a conversation between the Secretary of State and the Egyptian Ambassador on Jan. 21. The Ambassador said he considered a solution to the Suez Canal problem possible if the neutral and respected United States played a role, but he expressed concern over a suggestion by Churchill that the United States, France, and Turkey introduce token forces to guard the Canal and keep traffic moving. (641.74/1-2252)

US, UK, France, Turkey and Commonwealth countries shld collect their thoughts with view possibility early mtg on subj. Fol Lisbon mtg, in light status Anglo-Egypt negots that time, reps US, UK, France and Turkey (if Turkey willing) shld decide whether MECO planning mtg desirable and if so where, when and what level it shld take place.

H. [*sic*] Ankara Emb in talks FonMin shld not discuss Brit approach to US prior UK making comparable approach Turks.

I. Cairo in comments shld include estimate effect Mar mtg sponsors on prospective Anglo-Egypt negots and comment re location such mtg.

ACHESON

No. 61

780.5/2-752

Memorandum of Conversation, by the Deputy Director of the Office of Greek, Turkish, and Iranian Affairs (Dorsz)

SECRET [WASHINGTON,] February 7, 1952.[1]

Subject: Middle East Command

Participants: Mr. B. A. B. Burrows, Counselor, British Embassy.
Mr. D. A. Greenhill, First Secretary, British Embassy.
Mr. G. Lewis Jones, Acting Deputy Assistant Secretary, NEA.
Mr. Edmund J. Dorsz, Deputy Director, GTI.

Mr. Jones handed to Mr. Burrows a copy of the attached memorandum entitled *Middle East Command* saying that we thought this was a good method of imparting our views on the two memoranda which the British handed to the Department on January 31.[2] He emphasized our thinking to the effect that the British should unilaterally inform the Turks at the earliest possible moment of the British views on this subject and stressed the desirability of the Four MEC sponsoring Powers sharing thoughts on the question of holding a "preliminary" working-level meeting. Any such meeting should be quietly held. There might be other "preliminary meetings". Developments in Egypt would have to govern whether a meeting might be held shortly after the forthcoming Lisbon North Atlantic Council meeting ends.

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[1] This memorandum of conversation was prepared on Feb. 8.

[2] Regarding these memoranda, see the memorandum of conversation, Document 58.

BEST COPY AVAILABLE

Mr. Jones expressed the thought that the British might advisedly ask the Turks for their views and suggestions with regard to the best way of bringing the Egyptians into such discussions as may be undertaken to launch the MEC organization.

Mr. Jones remarked that we were very fortunate in having Mr. McGhee at Ankara. He is very familiar with the Middle East Command question having closely handled every aspect of this matter from its inception until his departure from the Department last month. Further, Mr. McGhee is deeply interested in getting the Middle East Command underway at the earliest feasible time and in obtaining fullest possible Turkish participation in the endeavor. The British representatives acquiesced.

The British representatives indicated that their own personal reaction to most of the points in our memorandum was favorable. They would communicate our thoughts on an urgent basis to the Foreign Office and would let us know how the Foreign Office reacts. In the meantime, they thought it might be advisable to defer informing the French of our views unless the French should specifically ask us for our observations on the British approach.

[Attachment][3]

SECRET [WASHINGTON, February 6, 1952.]

MEMORANDUM

MIDDLE EAST COMMAND

1. U.S. welcomes British initiative in connection with the Middle East Command as set forth in the two British Memoranda handed the Department on January 31. The U.S. favors the UK suggestion for the inclusion of Greek and Turkish forces in Admiral Carney's command. It is in general agreement with British ideas regarding the importance of coordinated planning for the establishment of the Middle East Command which initially might not be a fully operational command.

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[3] A Feb. 6 memorandum from Berry to Matthews, drafted by Jones, noted that this memorandum was prepared after two meetings on Feb. 5. The first was a meeting held in NEA at which RA, BNA, NE, GTI, and S/P presented their views, and the second was a discussion in Matthews' office later in the day. No memoranda of those conversations have been found in Department of State files.

The Feb. 6 memorandum asked Matthews to approve calling in Burrows of the British Embassy and giving him a copy of the attachment "as promptly as possible since we think the British should approach the Turks with their ideas in the near future." It also noted that Matthews was understood to have discussed the matter with General Bradley and that no further Defense clearance was required. Matthews wrote "I approve" in the margin. (780.5/2-652)

2. The U.S. recognizes that the establishment of the nucleus Middle East Command Organization (MECO) on Cyprus is a second best solution to its establishment with the concurrence of the Egyptian Government in the Suez base. The thoughts embodied in the British Memoranda were prepared before the Maher Government assumed office in Egypt.

3. The U.S. is aware of the danger of being too hopeful that Egypt will agree between now and Lisbon or within the next month or two to a defense arrangement along the lines of the Four Power Defense Proposals of last October. Nevertheless, the U.S. hopes that advantage will be taken of the present favorable prospects for resumed negotiations with Egypt with a view to the earliest possible solution on these lines.

4. Having in mind prospective negotiations with Egypt the U.S. doubts whether it is possible at this time to take a firm decision upon a forward program for a meeting in March since any such program would have to take full account of negotiations not yet begun. The U.S. would like to know whether U.K. views regarding the proposal in its memoranda have altered in any degree since Maher Pasha took office.

5. With regard to the British memoranda the U.S. wishes to make the following points:

a. We think that the U.K. should redraft their memoranda into a form suitable for delivery to the Turks by the U.K. at the earliest possible moment. We do not think that there is any advantage in this being a tripartite operation, as we understand the French Government has suggested. On the contrary, direct British action towards Turkey will emphasize Turkey's equality as a sponsor of MEC.

b. We think that an inherent difficulty in the plan proposed by the U.K. is that under present circumstances it would involve a meeting of the U.K., U.S., France, Turkey, Australia, New Zealand, and South Africa to plan for the establishment of MED *without the presence of any Middle East state or provision for any Arab state (except Egypt if it should wish to do so) or Israel to be consulted thus to gain a sense of participation.* We feel, therefore, that it is politically important that any references to a meeting should describe it as "preliminary". The word "preliminary" would open an avenue for future meetings, preferably in the Middle East, at which the states in the area choosing to participate could be consulted.

c. We are inclined to think an announcement at Lisbon would be unwise. Difficulties and embarrassments might be avoided if there were no prior announcement of such a meeting. We think that the most desirable meeting to consider MECO would be one held very quietly at a working level. After it was over it could be announced that "a preliminary meeting has taken place". We think the less fanfare there is about the meeting the better and that we should bear in mind constantly the impact of knowledge of the meeting upon negotiations with Egypt.

6. In summary the U.S. suggests that:

a. The U.K. should proceed at once to inform the Turks of its ideas just as it has informed the U.S. and France.
b. The U.K. inaugurate discussions with Egypt as rapidly as circumstances permit.
c. That without attempting to decide now the time, place, or manner of announcement of a working level meeting to consider the embryo MECO, the U.K., U.S., France, Turkey, and the Commonwealth countries should collect their thoughts with a view to a prospective early meeting on this subject. In this connection the U.K. views set forth in its memorandum will be most helpful to the U.S.
d. Following the Lisbon meeting, and in the light of the status of Anglo-Egyptian negotiations at that time, the representatives of the U.S., U.K., France and Turkey (if Turkey is willing) should consult together and decide:

> (1) Whether a planning meeting re MECO is now desirable, and
> (2) If such a meeting is agreed upon, where, when and at what level it should take place. In the event of (2) the same representatives would decide what, if any, publicity is called for and the time of such publicity.

7. Essentially the U.S. fear is that if we move too far, too fast without Egypt while there remains a reasonable prospect of securing Egyptian cooperation, we may lessen our chances of arriving at a settlement with Egypt. Obviously, this idea cannot be carried too far, but we believe that at least between now and the Lisbon meeting we should retain the utmost flexibility.

No. 62

780.5/1-1152

The Secretary of Defense (Lovett) to the Secretary of State

TOP SECRET WASHINGTON, February 11, 1952.

DEAR MR. SECRETARY: I refer to your letter of December 29, 1951 with regard to Organizing and Establishing the Middle East Command.[1]

I am in general agreement with your suggestions for the early establishment of a Middle East Command Headquarters. In this regard, it is desired to emphasize that it is the position of the Department of Defense that the establishment of a Middle East Command must not be allowed to jeopardize the accession of Greece and Turkey to the North Atlantic Treaty.

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[1] For the Dec. 29 letter, see *Foreign Relations*, 1951, vol. v, p. 265.

The details of effecting coordination of effort between a Middle East Command and contiguous NATO commands cannot be determined until after Greece and Turkey are members of NATO. Any arrangements which would tend toward integration of the two commands (the British "two-hat" concept) should be opposed.

Your proposals to establish an informal State-Defense Working Group at this time to study the various problems connected with the establishment of a Middle East Command and to make recommendations for their resolution is concurred in. The Joint Chiefs of Staff will provide the Department of Defense representation on the Working Group.

Prior to the time that a United States position on the matter of the Middle East Command Headquarters is reached, I do not agree with your suggestion that the United Kingdom be informed of the establishment of the Working Group. When the United States position is reached, it is agreed to use Defense channels to advise the United Kingdom of this Working Group.

Sincerely yours,

ROBERT A. LOVETT

No. 63

682.90D/2-1352: Telegram

The Ambassador in Turkey (McGhee) to the Department of State [1]

SECRET ANKARA, February 13, 1952—5 p. m.

756. Memo of conversation Feb 8 between Ambassador and Turkish Prime Minister and Foreign Minister being air pouched Dept as desp 437 Feb 12. [2] In view early visit Pakistani Foreign Minister to Turkey, Dept may be interested fol exchange of views on Pakistan which took place during conversation:

Prime Minister and Foreign Minister stated Turkish Govt attached great significance relations with Pakistan. They hope to discuss Kashmir question and Pushtoonistan issue [3] with Pakistani Foreign Minister during his visit here next week to see what may be done of constructive nature. Ambassador pointed out that because of its close friendship with Afghanistan and Pakistan,

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[1] Repeated to Karachi, Tehran, and Kabul.

[2] Not printed.

[3] For documentation on these matters, see vol. XI, Part 2, pp. 1365 ff.

Turkey in unique position assist solution Pushtoonistani issue. It was agreed Ambassador wld discuss these issues further with FonOff before arrival Pakistani Foreign Minister.

Ambassador expressed hope Pakistan wld ultimately adhere MEC, recalling indications he had recd from late Prime Minister and other Pakistani officials that they wld be actively interested once freed from threat of hostilities over Kashmir. Ambassador expressed belief that, while this still serious problem, it did not appear incapable of solution. We cld look forward to time when Pakistan wld make real contribution MEC bearing in mind had by far greatest military potential any country east of Turkey.

Ambassador observed that, in view close Pakistani-Iranian ties, Pakistan might be willing assist in defense Iran which appeared unable create any real defense capabilities. Prime Minister and Foreign Minister expressed interest this possibility, commenting if Pakistan and Turkey both exert conservative influence on Iran something may be done improve situation.

McGhee

No. 64

780.5/3-452

Draft Memorandum by the Joint Chiefs of Staff to the British Air Chief Marshal (Elliot) [1]

SECRET [Washington, March 4, 1952.]

Subject: Allied Middle East Command

1. The United States Joint Chiefs of Staff have considered the proposal contained in your letter to General of the Army Omar Bradley, SWE/20/52, dated 31 January 1952, [2] that a conference of

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[1] This draft memorandum was enclosure A to a letter from the Secretary of Defense to the Secretary of State, not printed, dated Mar. 4. The letter requested Department of State concurrence on the draft prior to its despatch by the Joint Chiefs of Staff.

A reply from Burton Berry to the Secretary of Defense, dated Mar. 7, not printed, stated that the Department of State was in general agreement with the position stated in the draft memorandum. (780.5/3-452) JCS records show that the memorandum was sent on March 18.

[2] Not printed. A copy of the letter was attached as enclosure B to the letter of Mar. 4. Elliot informed Bradley that the United Kingdom attached great importance to the establishment of a Middle East Command, but had not raised the point in the past few months in deference to the importance attached by the United States to the satisfactory admission of Greece and Turkey to NATO. The British Chiefs of Staff felt, however, that the time had come to reopen the question, and they had been considering, in consultation with the Foreign Office, the steps that

Continued

the Sponsoring Powers be held in London in early March to conduct preliminary planning toward establishment of a Middle East Command Organization. They have also noted that, on 8 February 1952, the British Embassy advised the Department of State that the British Foreign Office agrees no attempt should be made at present to fix the date for the seven power meeting nor announcement made of intentions to hold the meeting. [3]

2. The United States Joint Chiefs of Staff agree with the desirability for the early establishment of the Middle East Command; that, as a first step, the Middle East Command Headquarters should be established as soon as practicable; but that the proposed conference of interested countries should be held only after agreement thereto by the powers concerned, at a date to be determined later, but without public announcement of intention to hold such a conference.

3. The matter of effecting necessary coordination at all levels between the NATO and the Middle East Command, when the latter is established, must, of course, be subject to agreement by the North Atlantic Council.

4. The United States Joint Chiefs of Staff consider that the arms supply for the Arab States and Israel should be coordinated by the Tripartite Agency currently being discussed by the governments of the United States, the United Kingdom, and France. [4]

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should be taken toward the establishment of a Middle East Command Organization. (780.5/3-452)

Included with the letter was a memorandum entitled "Allied Middle East Command," not printed, setting forth the way in which the United Kingdom envisaged the organization taking shape. The memorandum was almost identical to the second memorandum delivered by representatives of the British Embassy to the Department of State on Jan. 31, which is printed as Attachment II to the memorandum of conversation dated Jan. 31; see Document 58.

[3] See footnote 9, Document 60.

[4] This reference is to the Near East Arms Coordinating Committee (NEACC), which was being organized in the spring of 1952. Representatives of the United States, United Kingdom, and France met in Washington in March to consider proposals for the establishment in Washington of a three-power group to coordinate the supply of arms to the Arab states and Israel. (Memorandum of conversation, Mar. 19, 1952; 780.5/3-1952) A Department of State letter to the British and French Embassies, dated June 19, not printed, enclosed copies of the French and English texts of a document concerning the establishment of NEACC, in furtherance of the Tripartite Declaration of May 25, 1950. The committee was considered to have been constituted on June 4, 1952. (480.008/6-1952) Additional documentation on NEACC and later exchange of information among the three powers concerning arms assistance to Middle East countries is in Department of State files 340.280, 480.008, 780.5, and 786.56.

No. 65

INR-NIE files[1]

National Intelligence Special Estimate

SECRET
SE-23

[WASHINGTON, March 17, 1952.]

PROSPECTS FOR AN INCLUSIVE MIDDLE EAST DEFENSE ORGANIZATION[2]

THE PROBLEM

To examine the possibility of forming an inclusive Middle East defense organization; to estimate the kind of organization which may be possible; and to indicate the major problems which would be encountered in efforts to improve the effectiveness of such an organization. *

ESTIMATE

Present Status of The Middle East Command Proposal

1. The establishment of a Middle East defense organization was first proposed in October 1951, when the US, the UK, France, and Turkey invited Egypt to join with them as a founding member in setting up a Middle East Command (MEC). Australia, New Zealand, and South Africa had already agreed in principle to the concept of MEC. In November 1951, the sponsoring powers issued a supplementary statement informing Lebanon, Syria, Jordan, Iraq, Saudi Arabia, Yemen, and Israel of the principles which they would follow in the establishment of MEC. By implication these

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[1] File of National Intelligence Estimates maintained by the Bureau of Intelligence and Research.

[2] According to a note on the cover sheet, "The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 13 March 1952."

A memorandum by W. J. McWilliams, Director of the Executive Secretariat, to the Secretary of State, dated Mar. 19, not printed, explained that the Estimate did not readily lend itself to summarization, but the first section was a review of the status of the Middle East Command proposal. It reads, in part: "We suggest you begin reading on page 2 which discusses 'Prospects for Establishment of an Inclusive Middle East Defense Organization,' and continue through page 3. The Estimate was prepared at the request of the NSC Senior Staff." (780.5/3-1952)

* While the Western Powers and Turkey may themselves establish a MEC, "an inclusive Middle East Command organization" is herein defined as one which obtains the active cooperation of most of the Middle Eastern countries. [Footnote in the source text.]

states would be invited to join the enterprise as associate members at a future time.

2. The stated objective of MEC was to strengthen the defenses of the Middle East through the cooperative effort of all states interested in its defense, whether or not territorially part of the area. Organizationally, MEC would consist of two bodies: (a) the command structure itself, including the Supreme Allied Commander Middle East and his staff; and (b) a Middle East defense liaison organization, in which all sponsoring and associate members would be represented and which would serve as a link between the command and all the member states. It was envisioned that the MEC organization would: (a) develop plans for operations in the area in time of war or international emergency; (b) provide advice, training and matériel to the Middle Eastern countries; and (c) arrange for use of facilities by MEC through specific agreements between MEC and the individual states providing such facilities It was stated that a continuing aim of MEC would be to increase the defense capabilities of the Middle Eastern countries in order to permit a proportionate reduction in the peacetime role of states not territorially part of the area. It was also stated that MEC would not interfere in problems and disputes arising within the area.

3. The sponsoring powers hoped that the MEC proposal would contribute to a compromise solution of the Anglo-Egyptian controversy. The Wafd government in Egypt, however, rejected the four-power proposal as an attempt to continue foreign occupation of Egyptian territory under a new guise. Practically all politically articulate elements in Egypt have approved of the government's position. King Farouk and the present Hilali government are more favorably disposed toward association with the West in regional defense, but even they demand prior acceptance of at least the principle of early and complete evacuation of British troops from Egyptian soil and recognition of Farouk's title as King of the Sudan as well as of Egypt.

4. Although a majority of the governmental leaders in the other Arab states have privately shown a marked interest in MEC, they do not feel that they have the political strength to run counter to local popular support for Egypt's position.

5. Although Israel has expressed its willingness to cooperate with the Western Powers in building up the defenses of the Middle East against Soviet aggression, it stated that it could not openly associate itself with the MEC proposal at this time.

PROSPECTS FOR ESTABLISHMENT OF AN INCLUSIVE MIDDLE EAST DEFENSE ORGANIZATION

6. A solution of the Anglo-Egyptian controversy is essential to the establishment of any inclusive Middle East defense organization. Egypt will not join until its controversy with the UK is settled, and under present circumstances no other Arab nation is likely to if Egypt does not.

7. A settlement of the Anglo-Egyptian controversy that would permit Egyptian participation in a Middle East defense organization would require British acceptance of at least the principle of early and complete evacuation of British troops from Egyptian soil and on British recognition of Farouk's title as King of the Sudan as well as of Egypt. Egypt probably will not reduce these demands.

8. If these demands were met, it is almost certain that Egypt would not accept a Middle East defense organization which included more than a nominal command structure or which provided for stationing of foreign ground forces in Egypt in peacetime. However, Egypt would probably join a defense organization if its function were limited to: (a) coordinating operational plans; (b) planning Western assistance to the Middle East states for the strengthening of their forces; and (c) negotiating for the development in peacetime, and the use in wartime of Middle East defense facilities. In this case, Egypt would probably agree to allow British or other Western technicians to remain in the Suez Canal Zone for maintenance of the bases. Egypt might also cooperate in the formation of an international air force in the Zone. However, Egypt would insist that all ground and air bases in the country be under Egyptian command.

9. If Egypt agreed to participate in a Middle East defense organization, the other Arab states would almost certainly be willing to participate. The chief motivation of all of these countries would be the hope of obtaining substantial amounts of arms, military equipment and economic aid from the Western Powers. They would also hope that the granting of such assistance would increase the likelihood of a serious Western effort to defend the area in the event of invasion from the USSR. Jordan, because of its economic dependence on the UK, would probably not insist on the withdrawal of British forces from its territory. Iraq, where nationalistic elements have so far been kept in check, would probably agree to join a Middle East defense organization. Syria and Lebanon would probably join, but would refuse to permit the stationing of foreign troops on their soil. King Ibn Saud would be willing to join a Middle East defense organization but would insist on preserving the special advantages in his relations with the US which he now

enjoys. The leaders in all these countries and particularly Iraq are more aware of the threat of Soviet aggression than the Egyptians.

10. The multilateral character and specifically the four-power sponsorship of such a Middle East defense organization would be acceptable to Arab nationalists only because of the inclusion of the US. Arab nationalists would hope that US influence would counterbalance the influence of the UK and would insure generous treatment. Despite Arab suspicion that Israeli and Zionist pressures will influence US courses of action and that the US is committed to support the UK in its controversies with the Arab governments, there is an expectation that the US would supply arms and other aid to the Arab states without binding them by "unequal treaties" or interfering in their internal affairs. This does not mean that Egypt would accept the substitution of US for British forces on its territory or that any of the Arab states would be willing to accord to the US the type of administrative influence which the UK now exerts in Jordan and Iraq. It does, however, mean that the Arab states would prefer to obtain military and economic assistance from the US rather than from the UK or France and would prefer to deal with US advisors. Arab cooperation in any Middle East defense organization, therefore, would be likely to increase to the extent that the organization provided a means of increasing US aid to the region and reducing British and French influence therein.

11. It is doubtful that Israel could initially be included in a Middle East defense organization although Israel could probably be associated with the purposes of the organization through ties with the US and UK. In any case Israel would probably be unwilling to enter into any arrangement which involved furnishing military information to its Arab neighbors and would certainly oppose any increase in Arab military strength relative to its own. Moreover, Israel is reluctant to take any overt step calculated to alienate the USSR and thus eliminate all possibility of further Jewish emigration from the Soviet bloc.

PROBLEMS CONFRONTING A MIDDLE EAST DEFENSE ORGANIZATION

12. While settlement of the Anglo-Egyptian dispute would thus probably make possible the establishment of a regional defense organization capable of channelling Western military aid and advice to the Middle East states and of carrying out some preliminary defense planning and coordination, its development into a more broadly effective organization would remain an extremely difficult task.

13. Although the evacuation of British forces from Egypt would eliminate a major irritant in Arab-Western relations, Arab fears and suspicions and intraregional rivalries would continue to plague

negotiations for development of an effective organization. Public opinion, as well as many leaders, would continue to underestimate, ignore, or be fatalistic about the threat of Soviet aggression, which they would regard as far less tangible than the question of Western "interference" or the Arab-Israeli dispute. Arab leaders would remain suspicious of Western motives, and would be concerned lest the defense organization be used as a means of applying collective pressure on them or re-establishing spheres of influence. Moreover, nationalist resentment against foreign interference in the Arab states might be turned against the regional defense organization, and lead to a demand for the withdrawal of foreign technicians from the Suez Canal base and other Middle East bases. In general, most states would remain motivated primarily by a desire to exploit Western fear of Soviet aggression in order to improve their military strength vis-à-vis their neighbors.

14. For the foreseeable future, effective defense of the Middle East against Soviet aggression is dependent upon the commitment of Western forces for that purpose, regardless of whether a Middle East defense organization is established or not. Over the longer term, an effective Middle East defense organization would require an improvement in Arab-Israeli relations, a lessening of the hostility of Arab nationalists to cooperation with the West, and the inducing of Arab states to give primary emphasis to the defense of the area against Soviet aggression.

No. 66

780.5/2-3152: Telegram

The Ambassador in Turkey (McGhee) to the Department of State [1]

SECRET ANKARA, March 31, 1952—8 p. m.

994. Section one of two.

1. Paris 5711, Mar 19, [2] London's 101, Mar 25, [3] Dept's 851 [4] and 852, Mar 25, [5] all contribute greatly to furtherance our common

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[1] Transmitted in two sections. Repeated to Paris, London, and Damascus.

[2] Not printed; it reported a conversation between an Embassy officer and a member of the French Foreign Ministry on the general subject of military assistance to the Middle East. The last paragraph reads: "In FonOff attitude we feel that any suggestions to broaden tripartite declaration to include Turkey would meet with serious Fr objections. Despite obvious enthusiasm of Turks to cooperate with US, even to complete exclusion of Brit and Fr, we believe that policy of supplementing and not supplanting waning influence of our two old Allies in NE is right one. Under present Fr economic and polit circumstances we find it difficult to believe

Continued

understanding difficult problem of four power cooperation in ME security matters. Paris 5711 particularly valuable for revealing real Fr position, London's 101 in giving perspective and Dept's reftels in clearly elucidating basic principles for four power coordination with which this Emb is in thorough accord. Inescapable fact emerges from all reftels that four power collaboration essential to achieve fundamental security objectives in ME.

While I agree with London's 101 that we shld not raise in MEC internal ME problems which can be avoided, I nevertheless feel that there are certain existing "facts of life" in ME which cannot be ignored if true cooperation is to be achieved. The success of our efforts to build in the ME a regional defense against external aggression will depend on our success in obtaining cooperation of individual ME states, which in turn involves their relations with four powers separately as well as collectively. Dept's 851 which faces squarely problem posed by Fr position in Syria and appeals for real four power cooperation transcending rivalries for ME spheres of influence, is welcome note.

2. In considering measures to strengthen ME cooperation we must keep in mind background of power relations in ME. The secret Anglo-French "non-substitution" agreement of Dec 13, 1945 provides that "the two govts affirm their intention to undertake nothing to supersede each other in the interests which they possess

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that French are in position materially to expand current modest role in NE or much less to embark on any dynamic policy." (740.5/3-1952)

[3] Not printed; it advised the Department of State the Embassy agreed some means should be found to eliminate local differences in the Middle East and make cooperation more effective, but was concerned with the wisdom of raising matters involving friction in individual countries. It suggested that the United States, as the most disinterested "go-between", should work quietly behind the scenes outside MEC to reconcile the special interest of the MEC partners in specific countries with the larger joint interest of security of the area as a whole. (780.5/3-2552)

[4] Not printed; it was a response to telegram 5711 from Paris. The Department of State suggested that if attempts to maintain national positions on a strictly national basis had been effective the Western powers would not be faced with the present difficulties in the Middle East, and unless the interested powers closed ranks and demonstrated a common front the Western position in the Middle East would further decline. It reads, in part: "We think Turkey is important element in 'new deal' approach to ME states. If we work on strictly US-UK-French basis it will be 'business as usual.' Whether it is too early for former Ottoman subjs welcome collaboration with Turks is matter for assessment. Fr doubts this score may have some validity but we think this decision is strictly up to Turks and Arabs."

[5] Not printed; it reported the Department of State was attracted by a proposal made by the Embassy in Turkey that the tripartite declaration of May 1950 be changed to a quadripartite basis by associating Turkey with it. It asked the Embassy to find out, without approaching the Turks, if Turkey would be interested in associating itself with the declaration to an extent which would justify informally approaching the United Kingdom and France through diplomatic channels with the idea. For documentation regarding the Tripartite Declaration, see *Foreign Relations*, 1950, vol. v, pp. 122 ff.

or in the responsibilities which they mutually recognize in the ME".[6] Agreement would appear to confirm respective Fr and Brit spheres of influence, particularly Fr position in Syria and Lebanon. Since agreement is presumably still in effect, it probably explains Brit–Fr reactions referred to in Damascus 37[7] which have constituted deterrent to four power cooperation there.

Basis of present US–UK cooperation in ME, which was initiated by Wright visit to US in 1948[8] is understood to be that US will not compete with or seek to displace Brit responsibilities or interests in ME, indeed, will seek to strengthen Brit where it can; however US does not recognize any exclusive UK spheres of influence and UK agrees desirability US make contribution over and above Brit contribution wherever it is in common interest. It is believed that Brit have lived up to this agreement. Altho they show natural desire protect interests, particularly in Jordan and Iraq, they have not opposed constructive contributions other powers in ME. Policy of Fr in recent years would appear however to seek to preserve special position in Syria and Lebanon even at expense progress these countries and four power cooperation there. Altho Fr understandably are not, in accordance with Paris 5711, in position extend assistance to Syria and Lebanon or pursue dynamic policy in ME, this would not appear to justify their consistent efforts prevent other powers make contributions where needed.

3. Following comment is made with ref to Fr (Paris 5711) doubts of Turk participation in milit assistance to Arab states because these countries against all outside powers. This includes of course US, particularly because of our participation in Palestine affair. There is probably some residual reaction against Turks remaining from Ottoman Empire; however, principal complaint ME countries at present is believed to be derived from Turk solidarity with Western Powers on ME questions. On imperialist grounds alone, Brit and French have had conflicts with ME Nationalist aspirations, which on occasions have involved actual warfare, more recently than demise of Ottoman Empire. In my discussions with Presidents of Syria and Lebanon approx year ago, they both emphasized that under no conditions would they permit entry of Fr troops into their countries either in peace or war.

With ref to present Turk position I have no evidence of desire by Turks to advance own special interests in ME at expense of Fr or anyone else. Turks withdrew from ME after World War I and have formally renounced any claim to territory or exclusive influence outside their present frontiers. Apart from isolated local ME reactions, which are believed revived mostly for polit reasons by Communists and opportunists, it is believed that ME countries now possess respect and growing confidence in Turks. Syrians have sent officers and noncoms to Turkey for training in recent years without apparent misgivings. Ultimate decision on acceptance aid from Turkey would in any event, as Dept comments, rest with Arab Govts themselves.

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[6] For documentation regarding the Anglo-French agreements of Dec. 13, 1945 and their public texts, see *Foreign Relations*, 1945, vol. VIII, pp. 1174–1189.

[7] Not found in Department of State files.

[8] Michael Wright was Superintending Under Secretary, Eastern Department, British Foreign Office. For documentation regarding the U.S.-U.K. talks in 1948, see *Foreign Relations*, 1948, vol. V, Part 1, pp. 69 ff.

Section two of two.

4. I welcome Dept's recognition of Turkey as important element in "new deal" approach to ME states.[9] Association of Turkey, as a neighbor with strong ME ties and no justified suspicion of colonial intent, shld greatly assist in proving *bona fides* of other powers in MEC approach. Turkey is only significant mil power in ME and Turk army has given ME countries their only real basis of security in post-war period. With Turkey's admission to NATO and further build-up of mil strength Turk prestige in ME shld reach new high. Turks are in position moreover to make fol concrete contributions to ME defense:

(a) Since it is unlikely that Fr and US ground troops will be available for defense of MEC in event aggression and since Brit ME forces are unfortunately now pinned down in Egypt and Commonwealth troops long distance off, Turk troops are only ones available for land defense of ME. Turk troops are moreover located where they can be best utilized for ME defense, i.e., at the northern mountain line;

(b) Turks, with large efficient training schools organized with cooperation JAMMAT, are in unique position provide mil training for ME countries and are as matter of policy willing to do so. Participation in Turk training program of 638 US officers and NCO's assures latest US mil methods applicable ME and direct American influence on ME trainees. Training in Western countries would not only be much more expensive, but would raise new polit issues and would be under conditions so different from ME, that it would be difficult for trainees to make transition on return;

(c) In addition, Turks are in position now to sell arms to ME states and would, if we agreed replace them later, be in position to give arms. There is in Turkey considerable unused capacity for manufacture small arms and ammunition which could be used to supply ME states.

5. It is agreed that tripartite declaration is basically for internal ME problems and does not necessarily require discussion in MEC;

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[9] This reference is to telegram 851 to Ankara, Mar. 25, which is summarized in footnote 4, above.

however, declaration overlaps interests of MEC in that it involves policy with respect to arms shipments to ME states for area defense. I am pleased to note, therefore, Dept's interest in possible inclusion of Turkey in declaration.[10] Altho I have not put this matter to Turks directly I believe, from discussions I have had, that Turks would be willing associate themselves with declaration. FonOff officials have in fact expressed surprise that they were not originally consulted. Turks are convinced that assurance against aggression among ME states is necessary precedent to ME stability, and are willing, now that they are admitted to NATO, to play more positive role in ME. PriMin told me recently Turk Govt would take positive steps to gain confidence Arab States and allay their suspicions. Association with other powers in tripartite declaration may work against this objective; however, it will, it is believed, tend to relieve inference in minds ME states that declaration designed to protect Israel and affirm Western spheres of influence.

6. Summarizing I hope Dept will:

(a) Continue to press for sincere four power cooperation in ME security matters;

(b) Seek thru bilateral discussions with powers involved to overcome existing barriers to this cooperation including secret agmts or spheres of influence concepts;

(c) Sound out Brit and Fr and attempt to obtain their agreement to Turk adherence to tripartite declaration in preparation for approach to Turks and;

(d) As soon as Egyptian situation permits proceed with MEC mtg proposed by Brit, and seek to resolve in this mtg any remaining problems which stand in way of effective four power action.

McGhee

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[10] This reference is to telegram 852 to Ankara, Mar. 25, which is summarized in footnote 5, above.

No. 67

611.80/5-1252

Memorandum by the Acting Regional Planning Adviser, Bureau of Near Eastern, South Asian, and African Affairs (Hoskins) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) [1]

SECRET [WASHINGTON,] April 7, 1952.

Subject: Re-appraisal of US Policies in the NEA Area.

All members of BOP—Office Directors and Staff Advisers—concur in the following statement.

Part I—Background Comments

(1) During the past year, as a result of a series of crises in the NEA area, there have been piecemeal re-appraisals of US policies relating to North Africa, Egypt, the Arab States and Israel, Iran and Kashmir.

(2) This memorandum is an effort to summarize the outstanding conclusions separately arrived at. It also permits us to appraise results to date and to suggest changes in policies which may be desirable for the future.

(3) Neither in the separate studies nor in this paper is there any intent to suggest an over-riding importance to any particular part of the NEA area as compared with any other Bureau. Clearly the "one world" concept of US policy must control and the problem is to fit NEA's problems into their correct relative global importance within the over-all framework of US policies and capabilities.

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[1] This memorandum was sent to Byroade by Hoskins in his position as a member of the Board of Policy Planning (BOP), which, presumably, was an NEA board composed of Office Directors and Staff Advisers. The source text was in the Department of State files attached to a memorandum from Hoskins to Bruce, dated May 12, not printed. The May 12 memorandum suggested that if Bruce were too busy to read the whole paper, he at least read paragraph 14, "since this contains the suggestions for the mechanics needed to make progress on the issues and policies discussed earlier in this memorandum."

The memorandum continued: "Since coming down here I have been impressed with the delays and difficulties which result from unreconciled points of view within the Department. These differences in turn have handicapped the Department in working effectively with Defense and with other Departments of the Government as well as in some of our diplomatic negotiations with the UK and the French. So if you still agree on the necessity for greater agreement within the Department and especially between EUR and NEA, I hope you will urge Messrs. Matthews, Perkins and Byroade to adopt the procedure recommended in paragraph 14 of this memo." (611.80/5-1252)

On May 12, the memorandum printed here was transmitted to the Chiefs of Mission in the NEA area. Their comments, none printed, are in Department of State files 611.80 and 780.00. For a revision of this memorandum, dated July 25, see Document 81.

(4) The most immediate problem of US relations with Greece and Turkey has been resolved by their adherence to the North Atlantic Treaty.[2] Therefore, the further problems of these two countries will not be discussed in this paper. The general lines of US policy in regard to them are different from those that apply to other areas of NEA and in addition have been defined in considerable detail in NSC papers already approved.

(5) As to the remainder of the NEA area, it is difficult to make generalizations that apply equally to all parts of such a large and diverse area. There are, however, certain facts of general application:

(a) There is a growing danger that important parts of the area may be lost to the free world and to the West not so much through overt action resulting in war, but through a more subtle operation which can eventually lose us the support of important parts of NEA through neutralism or through communist penetration by methods short of open war. China is an example that we are not anxious to see duplicated in the Middle East.

(b) There is also the danger of a real loss to the free world and especially to Western Europe which would result if key parts of this area from which Europe draws much of its raw materials went behind the Iron Curtain.

(c) There is the steadily declining prestige and position in the Moslem world not only of France and the UK, but also of the US. This decline has been taking place steadily over the past several years and is continuing to take place in varying degrees throughout the area.

(d) The decline in US prestige in various countries of the area is reflected in the UN. While the US has in the past enjoyed a considerable measure of support in the UN from the states of the NEA area (always with the exception of the Arab stand on any issue relating to Palestine), the sixth session of the General Assembly recently closed in Paris demonstrated an increasing unwillingness of the representatives of the states in the NEA area to support the views and recommendations of the US especially when questions involving the US and the USSR were at issue. These representatives, it became clear, were not anxious to align themselves with either party any more closely than they felt they were forced to do.

(e) Certain characteristics run like a thread through the whole area of NEA. In the social and economic fields, these are the disparities in wealth between a small rich minority on the one hand and the low living standards and poverty of the great majority of the people on the other hand. In the political field, there are two important developments that apply in varying degrees to the area as a whole—the rising tide of *nationalism* and the growth of *neutralism* reflecting to a dangerous degree in some NEA countries an attitude of "a plague on both your houses", both the free world and the communist world.

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[2] For documentation on this topic, see *Foreign Relations*, 1951, vol. III, Part 1, pp. 460 ff.

(6) So far as North Africa and the Middle East are concerned, friction with the West centers around two still burning issues:

(a) Opposition and increasing distrust of the French and of the British.

> It is hard for many Americans, unless they have recently visited certain parts of this area, to realize how general and how deep-seated is the distrust and in some cases hatred for the British and French because of their past or present colonial policies and activities. This, for example, is especially true of the British in Iran and Egypt and of the French in Morocco and Tunisia. Unfortunately the US is increasingly being put in the same imperialist category. As a result, we must face the fact that today perhaps the greatest single obstacle to the advancement of US objectives in this area lies in the feeling that the US is a major source of power behind what are considered to be the continuing colonial policies or practices of the French and of the UK.

(b) Distrust, at times bordering on hatred and contempt, of the US and of the UN for their responsibilities for the still unsolved Palestine problem.

> Both Arabs and Israelis, for different reasons, reflect this lack of confidence. Both parties remain obsessed by three major issues still unresolved:
>
> —The approximately 850,000 Arab refugees from Israel who have not been integrated into the life of the neighboring Arab States in which they are now living.
> —The lack of peaceful settlements to replace the uneasy armistice agreements that still exist between Israel and her Arab neighbors.
> —The real fear that exists on both sides of "another round" in the Palestine war.

(7) Iran also remains an unsolved problem that can damage US relations not only with Iran and neighboring Middle East states but also with the UK as well. GTI is now working on and should have ready shortly a revision of the NSC paper on Iran, 107/2 dated 27 June, 1951 and of the Progress Report dated 5 August, 1951. [3]

(8) Our preoccupation with Europe and with such crisis areas as Korea, Japan, Iran and Egypt, has already provided the Communists with tremendous advantages in Asia.

We cannot afford to continue toward South Asia, especially India and Pakistan, the somewhat indifferent attitudes which have prevailed in the past. The loss of India to the Communist orbit would mean that for all practical purposes all of Asia would be lost, and this would constitute a serious threat to the security position of the US. Subversion of South Asian countries with a population of nearly one-half billion and known resources of scarce strategic materials such as manganese, monazite, beryl, mica and kyanite, of which we import substantial amounts, would affect our defense program most unfavorably. Communist successes in the recent national elections in India show clearly that time is running out. Skillful exploitation of bitterness resulting from hunger and poverty has enabled the communists to gain new power through constitutional means in addition to advances made by use of propaganda and terrorism.

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[3] For documentation on this topic, see volume x.

As to Kashmir, on January 17, Dr. Graham, UN representative, reported to the Security Council that he had failed to reach agreement on de-militarization, a pre-requisite for holding an impartial plebiscite to determine the future affiliation of that state. Dr. Graham, on request of the Security Council, agreed to return to the subcontinent to make a final attempt and expects to report back to the Security Council by March 31, 1952. The US should give him all possible support in his attempt to settle this most difficult problem which otherwise may lead to disaster in the sub-continent. [4]

(9) Nor is this the end. The present crises in Iran, Egypt and Tunisia, as well as the prospects of further difficulties in Palestine, Morocco and Kashmir unfortunately reflect more, not less, trouble ahead.

In developing further our policies we should take into account the increasing aid that Turkey, now that she is a full member of NATO, can lend to a more truly multilateral approach. In our own US interest we cannot afford to give even tacit backing to varying degrees of 19th century imperialism frequently linked to reactionary elements still in power in many countries in the area. Nor, on the other hand, can we afford to give indiscriminate support to all forms of nationalism especially of the extreme type that combines a demand for complete and immediate freedom with xenophobic opposition to every form or vestige of "foreign" interest.

(10) In essence our problem in NEA boils down to an attempt to reconcile what are sometimes considered as two irreconcilable objectives:

(a) To continue US support of the UK and France vis-à-vis Russia without losing for the free world any important segments of NEA;

(b) Or, to put it another way, to keep the support and friendship of rising nationalism in the NEA area without undermining legitimate local positions of our two strongest allies in NATO, the UK and France.

(11) The conclusions and recommendations in Part II which follow suggest specific lines of action. These recommendations, it

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[4] For documentation, see vol. xi, Part 2, pp. 1162 ff.

should be noted, do not pretend to offer a new or revolutionary line of policy from what has been pursued to date. They do suggest in certain instances a change of emphasis and to some degree a change of direction with the objective of reversing the decline in influence and prestige of the US and of the free world in the NEA area that has been indicated above.

Part II—Conclusions and Recommendations

(12) The NEA area as a whole.

Despite our commitments elsewhere, since the US is bearing an increasing share of the burden of defense of the free world, the US must in its own interest take more initiative than it has to date in the determination of policies relative to the area.

(a) The decline and weakness of the UK and of France in various sections of NEA have left a growing vacuum which should, from a US point of view, be filled, as far as possible, by elements friendly rather than hostile to the free world.

(b) This enlarged US role should not prevent us from supporting legitimate UK or French interests in the area especially when these assist in maintaining stability and thus reduce the demand for US forces.

> The need for harmony with our Western allies must not blind us to the urgent need for reform in some of the colonial or foreign policies of our allies. While the loss of the colonial empires or of privileged positions of our allies in this area would represent to them a material loss as well as one in prestige, we should make clear that, in our opinion, there is little hope that repressive political, economic or social policies will allow them to retain these areas or these positions. In fact the evidence grows that the cost of attempting to hold special positions by force is too great, whether in Egypt, Tunisia or elsewhere. Force will not succeed and will divert already badly needed manpower from Western Europe and to that extent weaken the whole free world structure. Mr. Churchill has, for example, already made quite clear that the UK has diverted more forces to Egypt than she can afford to leave there indefinitely.

(c) The US should stress to Western Europe the important advantages of retaining the voluntary cooperation and friendship offered by NEA independent countries such as Libya, Egypt, and Iran, as well as of colonial or former colonial areas even if the latter are now completely separated from any past economic ties with the colonial powers.

> If the antagonisms such as are growing against France in Morocco and Tunisia and against the UK in Egypt and Iran are allowed to develop further, these areas will become less useful supporters of the free world, even if they are not eventually lost completely by subversion to communism.

(d) It should be recognized, in line with Defense Department's theory, that the US is already militarily over extended, and that, at least for the cold war period, the major element needed to make US policy in the NEA area more effective is *not* the commitment of large US military forces.

> At the same time as a demonstration of growing US interest in the area, the US should give active support to the prompt establishment of the Middle East Command (MEC) and be prepared to supply a body of staff officers for its headquarters. Despite MEC's slow start, NEA considers MEC a sound vehicle for strengthening the position of the free world in this area.
>
> Without attempting a definite timetable for action, membership invitations might be considered in groups in the following order:
>
> a. The four sponsoring members with Egypt's previous invitation left open for acceptance at any time, as it has been to date.
> b. The three Commonwealths previously approached, Australia, New Zealand and South Africa plus Pakistan and India in case either one wishes to join.
> c. The Arab States, including Libya.
> d. Israel and Iran.

(e) In support of our moral leadership, our major contribution in this area should lie in the technical and economic fields.

> Assurances should be given to the states in the area that the US hopes to continue, as long as may be necessary, its technical and economic assistance to help improve basic social conditions and to help solve the complicated and difficult Palestine refugee problem.

(f) States of the NEA area must be made to realize the fundamental advantages to all free world governments of a stronger machinery of collective security.

> Arab States, for example, must see, even though they are not members, the indirect advantages to their protection from Greek and Turkish membership in NATO. Even more direct advantages will be derived from a strong regional MEC in which they can participate. They must be reminded that effective cooperation for defense, not neutralism, is their best assurance against an outbreak of a third world war, or, if this occurs, of being overrun in the event of a third world war.

(g) In the field of growing nationalism, the US must take fuller advantage of the almost automatic assumption of many people of the area that the US is sympathetic to people everywhere who are striving to obtain self-government.

> On the positive side we must make a more concerted and conscious effort to convince the peoples of the area and their governments that their long-term interests lie more with the

> free world and the West than with communism and the USSR. On the negative side we must remind them, by the experiences of Poland and Czechoslovakia, of Bulgaria and Romania, that the principles of freedom and self-determination which they seek are not likely to be obtained under a communist regime.

(h) US economic and social programs should aim at assisting to the greatest extent possible present governments in doing what the colonial powers are charged with having failed adequately to do during their periods of occupation—to improve economic and social conditions of the average individual and to increase political stability.

> US policy must not only develop effective cooperative programs in the economic and social fields but must also see to it that their beneficial effects are felt by the masses of the people and not simply by a small ruling group.
>
> Plans for TCA rural activities already planned should be continued. However, because the rising political forces in the area have their leadership and main support in the cities, provision should also be made in our programs for projects which will tend to associate the interests of these urban forces with our own and to develop their interests in political stability in their countries.

(13) *Specific Problems*

As regards particular areas of NEA, the following specific recommendations are made:

(a) *Arab States and Israel*

> 1. The United States should take a more active interest in Near Eastern matters, particularly in areas where the activities of our NATO allies, Britain and France, are arousing the antagonism of the native populations. In particular, we should make clear the limits of our support of British and French policy in the area, and should press these two governments to modify their present anti-nationalist stands in the interest of easing negotiations for the solution of outstanding controversies.
>
> 2. We should increase our efforts to reverse the trend toward neutralism on the part of the Arab States as between the Western states and the Soviet bloc.
>
> 3. We should take impartial steps to strengthen the Arab States and Israel to improve individually and collectively their political and economic stability and to increase their will and ability to resist penetration by the USSR. This should be done through:

a. Prompt and effective implementation of technical, economic and military assistance programs.
b. Strengthened USIE programs.
c. Prompt establishment of the Middle East Command with US participation in staffing and training missions, and

d. Intensified bilateral diplomatic activity aimed particularly at efforts to solve the Arab-Israeli problem.

(b) *North Africa*

The primary objectives of US policy towards Libya, Morocco and Tunisia are the maintenance of political stability and the security of US forces in these countries.

The attainment of these objectives in the two French protectorates is made more difficult by efforts of the French to suppress the growing nationalist movements in these areas. It has been emphasized to the French that we are not advocating immediate independence for these countries. We believe, however, that a *rapprochement* between the French and the North Africans can be achieved only by adopting and implementing sound and forward looking programs of political reforms which will meet the legitimate demands of the Moroccans and Tunisians for increasing participation in the administration of their countries; that such programs be geared to an announced and carefully planned progressive *timetable* setting forth the progressive stages of evolution towards self-government; and that France is the nation to guide Morocco and Tunisia towards self-government. We should state that if programs of reforms for Morocco and Tunisia are adopted and continue to be implemented by the French we shall give appropriate support to these programs and use our influence with the Moroccans and Tunisians to insure their cooperation in the implementation of such programs. Our support of France's policy towards North Africa in the various organs of the UN should be contingent on France's performance in carrying out their announced programs in North Africa.

(c) *Africa South of the Sahara*

Our objective in Africa south of the Sahara is to urge the responsible European powers to press the political, economic and social advancement of the people of Africa at the maximum practicable rate.

Insofar as possible, colonial powers should be urged not to allow considerations of prestige or economic privileges to place an unnecessary brake on the increasing momentum which will inevitably be gained in the process of advance. To the extent that progress is made toward this objective, we should support the efforts of the European powers to carry out their commitments under Chapters XI and XII of the UN Charter.

(d) *Iran*

The US should maintain its efforts to induce the British and Iranians to modify their positions regarding settlement of the oil problem and should continue its efforts to arrive at a concert of views with the UK with respect to proposals which, while protecting basic Western interests, might make possible an early negotiated settlement.

If a settlement proves unobtainable, we should try to concert our views with the UK as to the course of action needed to prevent the continued deterioration of the situation and to reverse present trends. An agreed view may be impossible, however, because of the different estimates of the Iranian situation. In that event the US may be compelled to act independently on any forms of assistance if in the light of all relevant considerations such a course is decided to be in the best interests of the free world.

(e) *South Asia*

As to South Asia, while continuing consultations with the British on ways and means by which US-UK policies and actions can be better coordinated, we should:

(1) Provide such amounts of economic aid to South Asia, especially India and Pakistan, as will assist economic progress in the area and bring about rising standards of living to help insure essential political stability.
(2) Continue to increase the effectiveness of the USIE operations, maintained at approximately the present level of expenditure.
(3) Make available under Section 408(e) of the Mutual Defense Assistance Act of 1949, insofar as practicable, military supplies, equipment and services requested by India and Pakistan on a reimbursable basis.
(4) Increase the degree and scope of consultation with South Asian governments, especially on Asian problems and encourage them to consult more frankly with us.

(14) *Mechanics of Procedure*

As to the mechanics of procedure to assist in attaining the desired closer coordination with the UK and with France, two specific steps are suggested:

(a) First the attainment within the Department, and then with other interested government departments such as Defense, of a greater degree of agreement on US policy toward NEA countries. This might consist in an acceptance of the Conclusions and Recommendations of this memorandum which might be used as the basis for initial discussions with EUR, to which they have already agreed, looking toward a larger measure of departmental agreement.

(b) After (a) has been achieved, a plan to hold three-power discussions at the Assistant Secretary level with UK and French Foreign Office officials as needed but not less often than once a year. On SOA issues the French would be omitted from these discussions.

In certain of these meetings the inclusion of interested British commonwealth representatives might also be considered.

These discussions are conceived of as dealing primarily with policy matters and therefore are in addition to the diplomatic exchanges on the operating level which already occur daily both in Washington and abroad.

No. 68

Editorial Note

Henry Byroade assumed the duties of Assistant Secretary of State for Near Eastern, South Asian, and African Affairs on April 14, 1952. At the end of April he took a trip to the Middle East to visit the United States Missions in the area, to acquaint himself with local and regional situations, and to discuss problems with the Chiefs of Mission. His visits to each post were short, and he emphasized the preliminary and introductory character of his trip at each stop. A copy of the original itinerary listed April 29 as Byroade's departure date from New York and had him scheduled to return to Washington on June 7 after spending 2 days, June 4 and 5, in London. A memorandum of conversation in Department of State files, however, contains an account of a meeting in the British Foreign Office on June 9 in which Byroade met with a number of officers of the Foreign Office in a general discussion of the impressions he had formed on his trip. (Memorandum of conversation, June 9, 1952; 611.41/6–952) Additional documentation on Byroade's trip is in Department of State file 110.15 BY.

No. 69

PPS files, lot 64 D 563, "Near and Middle East, 1952-3"

Memorandum by the Deputy Director of the Office of British Commonwealth and Northern European Affairs (Foster) [1]

TOP SECRET [WASHINGTON,] April 16, 1952.

Subject: Report of the State–Defense Working Group on the Middle East Command.

The Problem

EUR clearance for the Report.

Background

You will recall that a State–Defense Working Group has been engaged since February 19 on the preparation of a paper setting forth the recommended position to be taken by the U.S. representatives at the forthcoming seven-power meeting (U.S., U.K., France, Turkey, Australia, New Zealand, and South Africa) to be held during the next month or two, probably in London, in connection with the proposed establishment of the Middle East Command. The Working Group, chairmanned by Mr. Lewis Jones of NEA, has included Messrs. Nolting of G, Stabler, Dorsz, and Daspit of NEA, Spalding of RA, Vigderman of L/E, Foster of DNA, and Captains Loud and Patrick (USN) of the Gold Team of Defense.

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[1] This memorandum was addressed to Perkins and Bonbright.

The Working Group completed its labors on April 9 and has embodied its recommendations in the attached report, [2] which is now being sent up the line in State and Defense. In State it is to be cleared through NEA, EUR, G, S/P (Mr. Nitze), S/A (Mr. Jessup), C, L, H, and the Under Secretary to the Secretary. In Defense it is to be sent up from the Gold Team through the Joint Chiefs to the Secretary.

It should be noted in connection with Defense clearance that the representatives of the Gold Team have made it clear that they have not been in a position to speak for the Joint Chiefs or the Defense Department and cannot promise clearance by either. On our side, I have informed the Group that I could not say whether you would approve the report. Mr. Nolting is apparently satisfied with the report and I gather he feels that Mr. Matthews approves the general line it follows. I understand that Mr. Ferguson of S/P and Mr. Jessup of S/A read an earlier draft and were generally satisfied with it. Mr. Byroade has read the present draft but I do not know whether he has approved it.

There has been no consultation with any of the other six governments to be represented at the conference—no consultation, that is to say, with regard to the agenda or the major problems which will be discussed. It is true that the other powers are known to support the MEC in principle, and as far as the British are concerned you may recall that they gave us in January and February some memoranda generally outlining the U.K. position. Mr. Jones has felt that it was desirable to establish the U.S. position before engaging in preliminary discussions with the other governments.

The Working Group's Recommendations

You will note that the Working Group's report recommends that the U.S. should be represented at the conference by State and Defense officers of the level of Deputy Assistant Secretary of State. The Working Group is of the opinion that the U.S. representatives should be given as much leeway as possible, particularly since we do not know what the attitudes of the other six governments are going to be in regard to many of the subjects for discussion. The U.S. representatives would, in any case, be empowered to agree only *ad referendum*.

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[2] Not printed; a copy of the complete Working Group Report is in the PPS files, lot 64 D 563, "Near and Middle East, 1952-3".

The Working Group's philosophy is epitomized in the statement (under "Facts and Assumptions", section II 2 (a)) that

> "The United States supports the establishment of a Middle East Command Organization in the belief that such an organization may make an early contribution to the political stabilization of the vitally important Middle East area, and in the long run increase the capacity of the area to resist Soviet aggression."

In brief, the Working Group recommends that the MEC should be established as soon as possible, probably with headquarters on Cyprus; that the Supreme Allied Commander Middle East, probably a Britisher, should be appointed; that there should be some kind of authority for the direction of SACME (perhaps a Military Committee or a Standing Group), though it is recognized that conditions in the Middle East preclude the possibility of establishing a higher political direction on the NATO model; that SACME should devote himself to "planning, coordinating and liaison"; and that liaison between SACME and the interested Arab states should be maintained by a Middle East Defense Liaison Organization (MEDLO).

"United States participation in the Command will be limited to participation in the integrated Command staff and the provision of some military aid to certain states in the Middle East area. No commitment of United States forces to the defense of the Middle East is contemplated"(II 5 (a)).

The Working Group recognizes that in its initial stage the Middle East Command will not be a command and that SACME will not command anything. It discussed the possibility of changing the name to conform to the realities. "Middle East Defense Planning Board" or "Middle East Defense Organization" were suggested, but the feeling was that there would be difficulty in changing the name at this stage and "the name is valued by the British by reason of tradition and prestige" (V1).

Hamlet Without the Hamlet

There is one fundamental aspect of the problem which is touched on only in passing in the Working Group's paper but which has had a profound influence on its reasoning and recommendations. This is the fact that Turkey is now in NATO and the assumption, flowing from that fact, that the Middle East Command will have neither any responsibility for the defense of Turkey nor the sup-

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port of any Turkish forces (except six divisions which it is said Turkey might consider contributing if the U.S. would pay for them).

A further assumption accepted by a majority of the Working Group is that the Turks feel such resentment and antipathy toward the British, chiefly because of British opposition to the Turks joining NATO, that they will not cooperate with a British Middle East Commander.

The Arab Reaction

There is another fundamental aspect of the problem which is not discussed in the Working Group's paper. This is the possibility, mentioned in reports from our embassies in the Middle East and in various intelligence appreciations, that the Arab peoples will not welcome the establishment of the MEC but may regard it as the vehicle of Western imperialism, Turkish power politics, British special interests, et cetera. The Working Group is reconciled to the strong improbability of Egyptian participation in MEC but it assumes that at least some of the other Arab states will come in on an "associate membership" basis.

Some Unanswered Questions

1. *Two Birds with One Stone?*

There would seem to be, from the point of view of the U.S. in particular and the West in general, two separate though related problems in the Middle East. The first in urgency and importance is surely the military defense of the area against possible Soviet attack through the Caucasus and across the Straits. Regardless whether the U.S. participates actively in the military defense of the region (and now that Turkey is in NATO we are bound, even more than we were under the Truman Doctrine, to render her such assistance as we can), it is my understanding that we agree with the British in considering it vital to the West that efforts should be made to hold the Middle East.

The second problem in the Middle East is the political one. It is compounded of rising Arab nationalism, the Anglo-Egyptian dispute, the Israeli-Arab conflict, Mosadeq, the preoccupation of Pakistan with Kashmir, the declining prestige of the U.K., France, and the U.S. in the area, and plenty of other things. This is the long-term problem which it will obviously take generations to solve.

Can any single stone be found that will kill these two birds?

2. *Does the Proposed MEC Face Up to the Military Problem?*

If it is the military objective to defend the Middle East against Soviet attack, the first point for determination is what effective forces are available? The answer is, of course, the Turkish army, certain British ground forces and air squadrons, and certain Commonwealth forces committed to the area in case of war. From the military standpoint it would seem to be the essence of the problem to devise the means to coordinate Turkish and British resources and plans. The proposed MEC, however, is founded on the assumption, as noted above, that such coordination in any real sense is politically impossible.

3. *Will the Proposed MEC Strengthen the British Position in the Middle East?*

Inasmuch

as SACME will not command anything (except perhaps some British forces at a later stage),
as SACME's defense preparations will have to be made in relative isolation from the Turks,
as SACME's terms of reference will put him squarely in the center of the major political problems of the area, and
as the U.S. will neither contribute forces to his command nor undertake any commitment to defend the area,

the question may be asked whether the proposed MEC is in line with the declared U.S. policy of supporting the British position in the Middle East.

The Working Group took the view that the British are reconciled to this dismal situation and will be glad enough to have the MEC established and the position of SACME given to a Britisher even though he will have little or no support from anyone except the Commonwealth. It might be argued that Mr. Churchill's statement to Congress in January that he would welcome the presence of U.S. token forces in the Canal Zone was not only out of step with modern times but tactless besides. Be this as it may, the question remains whether it is in the U.S. interest to accept a situation to which the British, lacking our support, have no recourse but to reconcile themselves.

4. *Can Such a Military Organization Accomplish the Desired Political Objectives in the Middle East?*

This is the reverse of the military-political coin. If it may be doubted that a "political" MEC will be able to take effective steps toward the military defense of the area against possible Soviet aggression, it may also be doubted whether an organization bearing the name "Command" and sponsored by six states not indigenous to the area (plus one Middle Eastern state that has joined NATO) will succeed in gaining the confidence and support of the Arab peoples.

5. *Should the MEC Concept be Re-appraised?*

During the six months since the MEC was rejected by the Egyptians (October 1951) and since the Paris Declaration (November 1951) there have been certain developments which perhaps call for a re-appraisal from both the military and political viewpoints. These developments include the accession of Turkey to NATO, the Anglo-Egyptian dispute, growing Arab unrest in French North Africa, and the Iranian situation.

6. *Would a Seven-power Conference in the Near Future Serve a Useful Purpose?*

Until the political and military objectives of the U.S. in the Middle East are more clearly defined and widely agreed, and until we have a better idea of what the other interested governments, especially the British, expect of the MEC, the question is whether a seven-power conference could achieve the results evidently expected of it. True, the conference is intended to be "preliminary" and is to try to avoid publicity. If, however, it fails to reach agreement (even on an *ad referendum* basis) or if it arouses fundamental differences, the news is bound to leak and the MEC enterprise will benefit least of all among the Arabs at which it is aimed.

Conclusion

Mr. Lewis Jones argues, with the support of the majority of the members of the Working Group, that the recommendations in the attached paper are in conformity with U.S. policy toward the Middle East as determined by the highest levels in the Government; further, that the situation in the area dictates this as the best approach to the problem. I have felt bound, however, to put the foregoing questions before you. They really boil down to one question: What is the U.S. stake in the Middle East and is the kind of MEC proposed by the Working Group the best way to defend it?

No. 70

780.5/5–952

Memorandum of Conversation, by the Politico-Military Adviser, Bureau of Near Eastern, South Asian, and African Affairs (Daspit)

SECRET [WASHINGTON,] April 24, 1952.[1]

Subject: Discussion of MECO Position Paper—April 24, 1952.

Participants:

Mr. Bruce	Mr. Jessup	Mr. Bonbright
Mr. Matthews	Mr. Nitze	Mr. Byroade
Mr. Nolting	Mr. Ferguson	Mr. Lewis Jones
Mr. Bohlen	Mr. Wadsworth	Mr. Daspit

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[1] This memorandum of conversation was prepared on May 9.

The meeting was called by Mr. Matthews to discuss the draft position paper on the MECO prepared by the State–Defense Working Group. [2] The principal points made in the course of the discussion are summarized under topical headings.

(1) Benefits to be Expected from MECO.

Underlying the discussion was the assumption that at least during its initial phase, the MECO would not make a substantial direct contribution to the military strengthening of the Middle East area. To justify US participation, there must be a reasonable prospect that the organization will produce desirable political results.

(2) Military Aspect of MECO.

Mr. Nitze stated, and there was no disagreement, that so far as its military operations were concerned, the MECO would be in its initial phases merely a paper organization. It would have small forces and there would be little place to put them. Given current scarcities of military equipment and the relative position of the Middle East area in the system of worldwide priorities, the ME could expect very small amounts of equipment. Moreover, it was doubtful that MECO would have much control over such supplies as were made available. Mr. Nitze also doubted that there was sufficient substance involved in the MEDLO operation to make this organization meaningful and attractive to the Arab States. In reply, Mr. Byroade conceded that the Command would not have much of immediate substance with which to concern itself. Nevertheless, it would not vary greatly from other operations with which the British were familiar. The South East Asia Command during the war, for example, had been little more than a planning operation but it had a certain utility.

(3) Effect of MECO on Western Position in the Middle East.

Mr. Byroade thought that the organization, at the least, would provide a means for demonstrating the unity of the United States, United Kingdom, France and Turkey and their interest in the defense of the area. It would provide a useful forum in which the four powers could speak jointly to the states of the Middle East.

The question was raised as to whether participation by the US in the MECO would have the effect of raising Western prestige generally in the Middle East or of pulling down the US to the level of the UK and France. Mr. Nitze stated that what we were proposing to do was to use our prestige but not our strength to keep up the

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[2] For a summary of the State–Defense Working Group paper, see the memorandum of Apr. 16 by Foster, *supra*.

British position. The British, however, have little physical and less moral strength in the area; consequently in embarking on this course we ran the danger of becoming involved in their general decline in the Middle East without being able effectively to halt it.

Mr. Byroade said that he assumed that our policy was one of continued cooperation with the UK and secondarily with France in the Near East, and that he felt the MECO was the most promising way of making that cooperation effective. If it was proposed that we abandon this policy and play a lone hand, then of course the proposals would have to be considered in a different light.

Ambassador Wadsworth felt that unless the US became strongly identified with the MECO, the prospects of the organization would not be good. He felt that its best hope of success would derive from its having the strongest possible US flavor. Specifically, he felt that the proposed preliminary planning meeting should be held in Washington and that the MECO Steering Group should be located in Washington.

(4) Possibility of Securing Arab Cooperation.

Mr. Nitze asserted that the MECO as proposed would be merely a planning operation and planning with weakness at that. He felt the Arabs would sense this fact and would be frightened off. To go ahead without the Arabs might be a dangerous and destructive course, as it might be construed by the Arabs as a combination of the West against the Middle East. If the Anglo-Egyptian dispute could be settled and Egypt were willing to cooperate, he felt these dangers would disappear and that it would be proper to go ahead with the establishment of the MECO.

Ambassador Wadsworth felt that even without initial Arab support or positive commitment of forces from Turkey, it would nevertheless be desirable to go ahead with the establishment of the MECO. He felt it was essential to plan on an area basis, and that MECO was needed for this purpose. He felt that the position of the Middle East was vital to NATO planning since it involved the Southern flank of the European command. He suggested that it might be desirable to have the views from the JCS and the Standing Group.

(5) Effect of Establishment of MECO on Iran.

Mr. Nitze advanced as another objection to proceeding with the establishment of the MECO, the effect this action might have in prejudicing an alternative development which he considered preferable. This alternative was the extension of the Truman Doctrine to Iran and the development in that country of a really effective barrier to Soviet expansion. If this could be accomplished, it would provide a solid defensive shield extending from Yugoslavia through

Pakistan. This would provide the Middle East area with more real security than the paper planning of MECO. He thought that the achievement of this objective would be made more difficult, if not impossible, by the decision of the US to place its major military emphasis on the MECO, which would be primarily a British show under the Command of a British General.

This thesis was not generally accepted. It was pointed out that the developments which Mr. Nitze wished to see in Iran were even more remote and beset by doubts than the development of real military strength through MECO. Mr. Ferguson stated that he did not consider that the two courses were mutually exclusive and there seemed to be fairly general agreement with this view.

(6) The Extent of US Commitment to Participation.

Mr. Jessup cited a statement in the November Declaration that the four powers intended to proceed with the establishment of the Middle East Command and the communiqué issued on January 9 after the Truman-Churchill talks reaffirmed the intent of the US and the UK to press ahead with the establishment of a Command. He felt that if it should be decided to scrap the Middle East Command, it was essential that something else be found to put in its place.

(7) Timing of Seven-Power Meeting.

It seemed to be generally agreed that it would be impossible to hold a planning meeting of the nature contemplated in the report on a secret basis. News of the meeting was certain to leak out and regardless of whether the meeting was designated "preliminary" the effect of US participation would amount to a final and irrevocable commitment on our part to push the MECO through. Mr. Matthews considered that the present state of affairs with the Middle East and with development in Tunisia, Egypt and Iran was not propitious for holding a meeting.

(8) Next Steps.

Except for the position indicated in (7) no decisions were taken with respect to the Working Group paper. It was agreed that no intimation should be given to the Defense Department that the Department was not proceeding urgently with the consideration of the draft. Mr. Matthews agreed to raise with the British Ambassador the question of present British thinking on the MECO and the possibility was left open of strictly secret bilateral discussions between the British and ourselves.

No. 71

S/S-NSC files, lot 63 D 351, "NSC 129 Memoranda"

Statement of Policy Proposed by the National Security Council [1]

TOP SECRET
NSC 129/1

[WASHINGTON, April 24, 1952.]

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO THE ARAB STATES* AND ISRAEL

OBJECTIVES

1. The objectives of the United States with respect to the area comprising the Arab States and Israel are:

a. To overcome or prevent instability within these countries which threatens Western interests.
b. To prevent the extension of Soviet influence and at the same time to strengthen Western influence.
c. To insure that the resources of the area are available to the United States and its allies for use in strengthening the free world.
d. To strengthen the will and ability of these countries to resist possible future aggression by the Soviet Union.
e. To establish within the community of nations a new relationship with the states of the area that recognizes their desire to achieve status and respect for their sovereign equality.

GENERAL CONSIDERATIONS

2. The area comprising the Arab States and Israel is of great political and strategic importance because of its geographic position, its natural defensive barriers, its sites for military bases, its position with respect to transportation routes, its petroleum resources and installations, the fact that it is a center for powerful world-

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[1] NSC 129/1 also includes a memorandum for the NSC by the Executive Secretary; notes to the NSC by the Executive Secretary; a Statement by the United States, United Kingdom, France, and Turkey on the Middle East Command, dated Nov. 10, 1951; and an NSC Staff Study on "United States Objectives and Policies With Respect to the Arab States and Israel"; none printed.

The Statement of Policy printed here was adopted by the National Security Council, together with the Acting Secretary of the Treasury, in NSC Action No. 629, at the 115th meeting of the NSC on Apr. 23, 1952, with the President presiding. The President approved it on Apr. 24, 1952, and ordered its implementation by all appropriate executive departments and agencies of the U.S. Government under the coordination of the Secretary of State. (S/S-NSC files, lot 63 D 351, "NSC 129 Memoranda"; S/S-NSC (Miscellaneous) files, lot 66 D 95, "Policies of the Government of the United States of America Relating to the National Security, vol. V, 1952")

* For the purposes of this paper, the Arab States include Egypt, Yemen, Jordan, Saudi Arabia, Lebanon, Syria and Iraq. United States Policy toward Iran will be covered in a separate report constituting a revision of NSC 107/2. [Footnote in the source text. NSC 107/2 and its revision are scheduled for publication in volume x.]

wide religious groups, and the effects of its alignment on the prestige of the Western powers and on the policies of other countries in the Middle East, Africa and Asia.

3. These political and strategic factors are so important to the overall position of the free world that it is in the security interest of the United States to take whatever appropriate measures it can, in the light of its other commitments, to achieve the objectives stated above.

4. Currently, the danger in this area to the security of the free world arises not so much from the threat of direct Soviet military attack as from acute instability, anti-western nationalism and Arab-Israeli antagonism which could lead to disorder and eventually to a situation in which regimes oriented toward the Soviet Union could come to power.

5. Current acute situations requiring United States initiative are:

(a) the controversy between the U.K. and Egypt, and (b) continued Arab-Israeli tensions.

POLICIES AND COURSES OF ACTION

The Area as a Whole

6. The United States should take an increased share of responsibility toward the area, in concert with the U.K. to the greatest practicable extent, and where appropriate also in concert with France and Turkey, on the basis that:

a. The United States should be prepared to play a larger role in safeguarding Western interests in the area, particularly by attempting to facilitate political settlements among the nations of the area and between them and the Western nations, and by providing appropriate economic, technical and military assistance.

b. The United States should, however, endeavor to persuade other nations, particularly the U.K. to provide such armed forces as may be necessary and appropriate to defend Western interests in the area.

c. The special United States-Saudi Arabia arrangements now existing should continue.

7. With respect to the Middle East Command (MEC),† the United States should:

a. Continue its efforts to establish the Command as a means of increasing the stability and strengthening the defense of the area.

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† See Appendix A. [Footnote in the source text. Appendix A was the statement by the United States, United Kingdom, France, and Turkey, Nov. 10, 1951, stating the principles guiding the four governments in their intention to establish the Middle East Command. For documentation on this topic, see *Foreign Relations*, 1951, vol. v, pp. 243 ff.]

b. Make every appropriate effort to obtain at least token force contributions to the Command from Australia, New Zealand and South Africa, and when practicable from Pakistan.

c. Seek to obtain the participation of the states in the area in a Middle East defense arrangement.

d. While maintaining flexibility as to the commitment of U.S. forces for the local defense of the area in the event of general war, be prepared to reenforce political and psychological measures in the area by assigning U.S. token forces in a Middle East defense arrangement if U.S. willingness to take this action is seen to be the key to the establishment of such an arrangement and to the settlement of the dispute between the U.K. and Egypt.

e. Be prepared to participate in the integrated staff of the MEC.

8. The United States should seek to create an atmosphere which will facilitate obtaining base rights where required within the area, and upon the threat of and during general hostilities, the right to operate forces in the territories of the various nations of the area.

9. As a means of diminishing the threat posed by nationalistic demands for the elimination of Western interests and by political instability in the area, the United States should make the fullest practicable use of psychological and political programs (including special political measures) and of economic and military aid programs and technical cooperation to influence the process of political change into channels that will effect the least compromise of Western interests and will offer the maximum promise of stable non-communist regimes. The United States should direct these programs and measures along the following lines:

a. To support or develop those leadership groups in the area which offer the greatest prospect of establishing political stability oriented toward the free world.

b. Place increased emphasis on measures designed to have an early and stabilizing effect upon urban groups.

c. To improve or, where advisable, assist in the construction of such facilities, especially in the field of transportation and communications, as are capable of direct contribution to regional defense requirements.

d. Continue technical cooperation programs designed to improve the living standards and level of health and education of the rural population, including actions leading to solutions of problems of land tenancy and credit.

The U.K.-Egyptian Dispute

10. With respect to the U.K.-Egyptian dispute, the United States should:

a. Continue to concert with the U.K. in developing proposals which might make possible an early negotiated settlement.

b. Continue its efforts to induce the Egyptians to reach a settlement which will protect basic Western interests.

c. If necessary to secure a settlement, let it be known that the United States is prepared to take the action set forth in paragraph 7 d above.

Arab-Israeli Disputes

11. The United States should utilize all feasible and appropriate means to resolve the issues which prevent the abatement of Arab distrust of Israel and resulting animosity toward the United States. To this end the United States should promote and encourage, without partiality as between Israel and the several Arab states but consistent with strategic considerations:

a. Progress toward a solution of the refugee problem in the area.

b. Settlement of local Arab-Israeli disputes, such as boundary problems, questions of water rights, and establishment of financial and economic arrangements between Israel and the Arab States which would permit the resumption of commercial intercourse within and through the area, uninterrupted flow of petroleum products, and uninhibited operation of and access to internal and international surface and air transport facilities.

c. Modification of Israeli immigration policy in order to reduce possible pressures within Israel for expansion to accommodate the influx of population.

12. The United States should continue the policy set forth in the Tripartite Declaration of May 25, 1950, as follows:

The Governments of the United Kingdom, France, and the United States, having had occasion during the recent Foreign Ministers' Meeting in London to review certain questions affecting the peace and stability of the Arab states and of Israel, and particularly that of the supply of arms and war material to these states, have resolved to make the following statements:

> 1. The three Governments recognize that the Arab states and Israel all need to maintain a certain level of armed forces for the purposes of assuring their internal security and their legitimate self-defense and to permit them to play their part in the defense of the area as a whole. All applications for arms or war material for these countries will be considered in the light of these principles. In this connection the three Governments wish to recall and reaffirm the terms of the statements made by their representatives on the Security Council on August 4, 1949, in which they declared their opposition to the development of an arms race between the Arab states and Israel.
>
> 2. The three Governments declare that assurances have been received from all the states in question, to which they permit arms to be supplied from their countries, that the purchasing state does not intend to undertake any act of aggression against any other state. Similar assurances will be requested from any other state in the area to which they permit arms to be supplied in the future.

3. The three Governments take this opportunity of declaring their deep interest in and their desire to promote the establishment and maintenance of peace and stability in the area and their unalterable opposition to the use of force or threat of force between any of the states in that area. The three Governments, should they find that any of these states was preparing to violate frontiers or armistice lines, would, consistently with their obligations as members of the United Nations, immediately take action, both within and outside the United Nations, to prevent such violation.

No. 72

780.5/4-2952

Memorandum of Conversation, by the Politico-Military Adviser, Bureau of Near Eastern, South Asian, and African Affairs (Daspit)

SECRET [WASHINGTON,] April 29, 1952.

Subject: UK Memorandum on MEC

Participants:

Department of State	*British Embassy*
NE—Mr. Jones	Mr. Burrows
NE—Mr. Kopper	Mr. Greenhill
NE—Mr. Stabler	Mr. Marten
NEA—Mr. Daspit	

Officers of the British Embassy called to hand the Department a memorandum on the MEC [1] further to their memorandum of January 31 [2] on the same subject. The discussion on the memorandum which took place was intended to be preliminary only, and Mr. Jones indicated that the Department would make further comment.

As to the UK position that plans for a conference in London on the Middle East Command Organization should be further postponed in view of the unresolved state of UK-Egyptian negotiations, the British were told that the Department shared their opinion.

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[1] Telegram 4909 from London, Apr. 29, not printed, informed the Department of State that the British Foreign Office had also delivered a copy of the memorandum to the Embassy. The Ambassador advised the Department he had indicated to the British that their plan to single out Iraq to join a regional defense organization could present a number of difficulties with such states as Syria and Saudi Arabia. (780.5/4-2952)

[2] Regarding this memorandum, see the memorandum of conversation, Document 58.

There was some discussion of the UK suggestion that when the conference is held, it would be advantageous to invite Iraq and Egypt but none of the other Arab states. Mr. Burrows indicated that the UK was concerned about the problem of Arab participation in the MECO and felt that the chances of securing their cooperation would be better if they were brought into the discussion during the preliminary phase. On the other hand, it seemed clearly impossible to launch the organization at a meeting attended by representatives of the six Arab States as well as the seven sponsoring powers. The solution which recommended itself to them was to invite only these two states to the organizing meeting on the theory that if they joined the MECO the other Arab States would follow. This proposal was contingent on a successful settlement with Egypt, which would be invited because of its political and strategic importance. Iraq would be invited because of its friendly interest in the MEC, its strategic importance and its economic and military potential.[3]

Mr. Jones stated that the Department has also been concerned about the question of securing Arab support and felt that this probably required that the Arabs should be approached before the form of organization was definitely fixed. He agreed with the British view that it was impossible to expect a meeting of 13 powers, including all the Arab States, to develop a detailed organization plan from the general principles of last November. He found it difficult to accept, however, the conclusion that the British had drawn from this premise—that is, that two of the six Arab States should be invited to attend a meeting on the organization of the MEC while the remaining four were passed over. Such an action would hardly further the MEC objective of promoting area-wide cooperation on a basis of equality. If Egypt were to offer real concessions to MECO, bases for example, there would be plausible grounds for discriminating in her favor. If it was proposed that British military rights in Iraq were to be converted into general MECO rights, there might also be grounds for discriminating in favor of Iraq. Otherwise, he thought the effects of such discrimination would be most unfortunate. Why should Syria, for example, not be invited? There were numerous indications that the Shishakli regime might be embarking on a policy of cooperation with the West. To discriminate against Syria in invitations to the MECO meeting might have the effect of reversing this favorable development. Moreover, Saudi Arabia, which had been cooperating with the West and had granted the U.S. important military rights, would probably be seriously offended.

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[3] Telegram 805 from Baghdad, Mar. 28, not printed, reported that Dr. Fadhil Jamali, President of the Iraq Chamber of Deputies, had taken a definite stand against a four-power approach to Middle East defense. "He has stated to Embassy officer that presence of Turkish and French in ME defense not only unnecessary but, in view of their past imperialism in ME and the latter's current record in Tunisia and North Africa, their participation in ME defense unacceptable." According to the Embassy, while those views represented a trend in current Iraqi thinking toward the Middle East Command, "Jamali's views may also reflect Nuri's [Nuri as Said, Iraqi Prime Minister] reported desire to set up alternative approach to ME defense through Arab collective security pact or possibly Islamic grouping including Pakistan." (780.5/3-2852)

Telegram 955 from Baghdad, May 2, not printed, agreed it was desirable to take advantage of Iraq's interest in defense arrangements with the Western powers. It doubted the wisdom, however, of inviting Iraq to a preparatory meeting if Egypt showed a willingness to participate, since special consideration for Iraq "might further adversely affect Iraq's already poor relations with other Arab States." The Embassy also suggested that Iraq's desire to attend a preliminary meeting might come from "wish to shape MEC to its own pattern rather than from any clear desire to participate with west in defense of area." (780.5/5-252)

Mr. Burrows wondered if there was really much danger that the other Arab States would hold out if both Iraq and Egypt accepted membership in the MECO. Mr. Greenhill suggested that the two states might in fact consult with the other Arab States before accepting such an invitation. Mr. Jones thought that if they did consult it would be in a manner intended to emphasize their preferred position, and that this might poison the whole venture in the minds of Arab States.

There was a general informal discussion of possible ways of bringing the Arab States into the preliminary planning for MECO while avoiding the confusion and probable futility of a general thirteen power convention devoted to charter drafting. . . .

Mr. Burrows suggested that further progress in developing a common view of MECO might be made through ordinary diplomatic discussions. The general feeling, however, was that this procedure unless directed toward certain concrete proposals might produce endless complexities and an interminable round of conversations. It was suggested that a possible way to inject the necessary concrete element might be for the U.K. for example, to produce a memorandum setting forth in some detail its conception of the MECO. This memorandum could then be circulated for comments to the various sponsoring powers. After this stage two alternative procedures were possible: The Arab States could also be shown the memorandum informally, as if they were being consulted concurrently with all interested parties. After this, and depending on Arab reactions, a meeting might be called including all thirteen of the possible MECO members. . . .

Mr. Jones inquired whether the British had already prepared a memorandum on the MEC of the general nature discussed. Mr. Burrows said they had prepared such a paper some time ago, but that the problem would probably have to be restudied in view of the changes in the situation which have developed.

It was agreed that regardless of what specific procedures were followed, care must be taken to avoid injuring the susceptibilities of the French, Turks and Australians, and to maintain the utmost flexibility among the sponsoring powers in order to permit adaptation of the organization to the wishes of the Arab States.

Mr. Burrows raised the question of the treatment of Israel. Mr. Jones thought that this problem was soluble in the long run. Israel must be kept currently informed of developments and no secret should be made of this vis-à-vis the Arabs. The question of associating Israel with the Command would have to be handled separately in a separate meeting with Israel. He thought the Israelis would accept this procedure and that the Arabs would be unlikely to make strong objection.

Mr. Jones inquired whether the British expected a reply to their memorandum in writing. Mr. Burrows stated that they would be satisfied with an oral reply.

[Attachment]

The British Embassy to the Department of State

SECRET

MIDDLE EAST COMMAND

Her Majesty's Government still feel that, since the negotiations between Her Majesty's Government and Egypt are still unresolved, it would be premature to go ahead now with the plans for a conference in London on the Middle East Command Organization.

2. Her Majesty's Government wish, however, to continue their exchange of views with the United States Government on the Middle East Command, and particularly on the question whether it might be desirable to invite other Middle Eastern States to participate in a preliminary conference on the Middle East Command Organization. They had in mind particularly the interest shown by the Government of Iraq, who indicated that they would be willing to participate in a conference with the four sponsoring Powers and Egypt. Her Majesty's Government have accordingly considered how to proceed if the Egyptian Government agree to enter negotiations on a formula for defence acceptable both to the United Kingdom and to Egypt and if the defence negotiations thereafter make reasonable progress.

3. In that event to proceed with a conference in London of the four sponsoring Powers and Australia, New Zealand and the Union of South Africa only, excluding Arab participation might lessen the prospect that the Egyptians and the Iraqis (who would feel rebuffed) would accept any proposals put forward by that conference and would increase the risk that Arab opinion would harden round the Arab Collective Security Pact as the only foundation acceptable to them for the defence of the Middle East. It seems, therefore, that the balance of advantage may lie in inviting Iraq and Egypt to be represented at the London Conference itself and that any previous exchange of views between the four sponsoring Powers and Australia, New Zealand and the Union of South Africa which may prove necessary should be effected without a formal meeting between them. Both States would then be invited to become co-founders from the outset on the same footing as the other seven. This would admittedly present difficulties from a military point of view. The actual planning work would be complicated by the addition of these two Arab States to the Command, and by the appointment of Arab officers to suitable positions in the Command structure from the outset. But these drawbacks would have to be accepted.

4. The arguments for inviting Iraq in as a co-founder are:—

(a) That Iraq alone of the Arab States has shown a keen and friendly interest in our approach to the problem of Middle East defence;

(b) That after Egypt, Iraq is the most important Arab State in terms of size and economic potential;

(c) That Iraq forms with Turkey the Northern bastion for the defence of the Middle East with Egypt as the natural base;

(d) That Iraq is in a position to provide the Command with forces and facilities superior to those of any Arab State outside Egypt.

5. The argument against bringing in any other Arab States, other than Iraq and Egypt, at this stage is that, if we had any more, we should have to have them all. This would make the conference unmanageable, would confront us with an Arab league bloc within it, and would highlight the exclusion of Israel.

6. If it were agreed to invite Iraq, we would explain that we were doing our best to meet the views expressed by Iraq Ministers, but that at this stage it was for obvious reasons not possible to go ahead without France, Turkey and Australia, New Zealand, and the Union of South Africa. (They had intimated that they would attend a conference of the four sponsoring Powers, Egypt and Iran, but that they would really prefer a four-power conference of U.K., U.S.A., Egypt and Iraq.)

7. If, on the other hand, our negotiations with Egypt break down, the prospect of securing other Arab participation in the defence of

the Middle East will depend on the reactions of other Arab Governments to the circumstances of the break and on the situation obtaining in the Canal Zone thereafter. We therefore feel that we should leave for further examination the question whether, in the event of a breakdown of the Anglo-Egyptian negotiations, to invite Iraq to the London Conference or whether to proceed on the seven-Power basis originally suggested, or on some new basis altogether.

8. We should be glad to have the views of the United States Government on these questions.

WASHINGTON, 28th April, 1952.

No. 73

780.5/5-352: Telegram

The Secretary of State to the Embassies in Turkey, Egypt, Iraq, Saudi Arabia, Jordan, Syria, and Lebanon [1]

SECRET WASHINGTON, May 3, 1952—2:52 p. m.

Brit Emb Apr 28 handed Dept memo re preparatory mtg MEC [2] substance of which corresponds summary provided Lon's 4909 Apr 29. [3] NE Missions and Ankara requested comment on following views which Dept considering stating in oral reply.

(1) Dept agrees desirable postpone preliminary mtg on MECO until outcome Anglo-Egypt negots clearer. Dept also agrees that procedures for establishing MECO must be adapted to circumstances as affected by development these negots. Dept's present comments assume circumstances which will not diminish willingness Arab States to cooperate in venture.

(2) Dept agrees desirable consult Arab states while MECO still in planning stage. However, doubts wisdom of exclusive invitation Iraq and Egypt to planning mtg at least unless these countries alone indicate willingness provide important base rights to MECO. Otherwise such discrimination would violate principle area-wide cooperation on basis equality which Dept considers feature fundamental to success MECO concept.

(3) Dept appreciates difficulties and probable futility holding 13 power mtg including all Arab states for purpose initially drafting form of org for MECO. Believes that coordination views of seven sponsors re outline general form and structure organization acceptable to them and essential elements which cannot be compromised

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[1] Sent as 995 to Ankara, 1704 to Cairo, 759 to Baghdad, 429 to Jidda, 357 to Amman, 463 to Damascus, and 1141 to Beirut; copies were sent for information to the Embassies in the United Kingdom, France, New Zealand, Australia, South Africa, and Israel.

[2] *Supra.*

[3] Not printed, but see footnote 1, *supra.*

for sake Arab cooperation necessary before consultation with Arabs likely to be feasible and useful. On other hand, believes essential avoid creating impression seven powers intend present Arabs with completed arrangements which they must either accept in full or reject.

(4) Dept had heretofore hoped that above problem might be solved by holding seven-power preliminary mtg in secret and keeping agmts tentative pending consultation with Arabs but recognizes that risk security leak may make it desirable effect seven power coordination through diplomatic channels. After such diplomatic coordination Dept believes all Arab states could be approached about same time and on same basis. This approach should be made in manner to convince each Arab state it receiving equal treatment with all other Arab states. On basis Arab reactions, could then be determined how best work out definitive form of org. *End Proposed Statement.*

Impt that govts NE states receive no intimation these ideas under consideration and Missions requested not discuss any aspect this message with them. [4]

ACHESON

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[4] Telegrams 1935 from Cairo on May 5, 323 from Amman, 1185 from Ankara, 974 from Baghdad, and 1199 from Beirut on May 6, 656 from Damascus on May 7, and 645 from Jidda and 1171 from Tel Aviv on May 9 all concurred with the position stated in this telegram. Documentation is in Department of State file 780.5. On May 20, the Department of State delivered an oral reply to the British that was essentially the same as the position stated in this telegram. (Comments on U.K. memorandum of Apr. 29 on Middle East Command to be made orally; 780.5/4-2952)

No. 74

PPS files, lot 64 D 563, "Chronological, 1952"

Memorandum Prepared by the Policy Planning Staff [1]

TOP SECRET [WASHINGTON,] May 21, 1952.

Problem

To consider what measures might be taken to bring about an improved prospect for defense security in the Middle East between now and 1955.

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[1] Sent to Maj. Gen. C. P. Cabell, Director, the Joint Staff, Office of the Joint Chiefs of Staff, by Director of the Policy Planning Staff Nitze on May 26. It was to be used by H. Freeman Matthews, Deputy Under Secretary, as the basis for discussion with the Joint Chiefs of Staff at a meeting on May 28. The meeting was twice postponed, to June 4 and June 11, and was finally held on June 18; see Document 76.

Discussion

Even though the strength being created under NATO may be inadequate as against the requirements, strength is being built, and when coupled with our NATO commitments now extended to Greece and Turkey and the steps being taken to link Yugoslavia with Western defense, they offer a considerable deterrent to aggression in that theater.

In the Far East, our intervention in Korea has brought at least a temporary check to the progress of aggression in that area. The requirements for increasing Japanese strength, improving the capabilities on Formosa, and of stabilizing and then improving the situation in Southeast Asia can be roughly foreseen, although they may be extremely difficult of realization.

In the Middle East, however, the general picture appears to be one of such continuing weakness as to constitute an invitation to a shift in the theater of primary pressure if further Communist progress were to be successfully blocked in other areas.

The defense of the Middle East is primarily a U.K. responsibility. As we understand it, however, capabilities available to the British are wholly inadequate to defend the Middle East against Soviet aggression and it appears doubtful that they are adequate to provide the minimum requirements for even the shortest line of defense east of the Suez Canal.

The only indigenous forces in the area, aside from the Turks, which appear to have any useful capability at present are the Arab Legion and the Israeli, and these are apparently of very limited utility. Such strength as is at present assured to the U.K. from the Dominions is not only too little but would probably arrive too late.

Without suggesting any derogation of U.K. responsibility for the defense of the area, it would appear that the U.S. will have to provide more assistance and bring its influence to bear if we are to look forward to a significant strengthening of the situation in the Middle East.

Our influence and assistance might take several possible forms:

(a) In connection with our obligations to provide for the security of Australia and New Zealand, influence with these two Dominions so that they will create forces and make them available in time of peace, or sufficiently promptly after the outbreak of war to be effective;

(b) Influence with the Union of South Africa so that they will provide more substantial forces than they are at present willing to assign to the Middle East, and emphasis on the importance to their own security of successfully defending in the Middle East;

(c) Influence with the Turks, coupled with supply assistance as practicable to increase Turkey's capability of contributing to the defense of the area outside of Turkey;

(d) Influence with Pakistan, coupled with supply assistance as practicable to increase Pakistan's capability of contributing to the defense of the Middle East, and continued efforts to secure a settlement in Kashmir to this end;

(e) Influence with the Arab States, Israel and Iran, coupled with supply assistance as practicable, to:

1. Increase the effectiveness of Egyptian forces for the maintenance and defense of the Suez bases, in the event of an Anglo-Egyptian settlement;
2. Improve the effectiveness of the Israeli forces, and increase their size as Arab forces are increased;
3. Develop additional forces comparable to the Arab Legion where that is feasible, and in any case plan with the Arab States for effective guerrilla resistance;
4. Continue military assistance to Iran, and, in the event of improved political conditions there, seek the creation of forces capable of undertaking defense as well as security tasks.

(f) Assistance either to the U.K. or directly in meeting the air deficiency which now appears to exist.

We would appreciate having the views of the JCS as to (1) the relative importance and time phasing from their viewpoint of strengthening the Middle Eastern defense situation; (2) the relative importance from the military viewpoint of the objectives for which we might use our influence and assistance as outlined above; (3) the degree to which the use of atomic weapons against the mountain passes into the area would permit the defense of substantial portions of the Middle East even under present conditions.

No. 75

780.5/5-2852

The Secretary of State to the Secretary of Defense (Lovett) [1]

SECRET [WASHINGTON, May 28, 1952.]

MY DEAR MR. SECRETARY: I refer to the paper entitled, "Recommended United States Position with Respect to the Establishment of a Middle East Command Organization" which was prepared by a

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[1] This letter was attached to a memorandum from Berry to Matthews, dated May 23, not printed. The memorandum suggested that, since the statement of the Department of State to the British on May 20 had the effect of cancelling part of a paper formally under consideration by the Department of Defense, it would be desirable to give Defense officials notice of the action. It also stated that it would be desirable to give Defense notice of the approaching discussions with the British, and the expectation that Defense representatives would participate in them. (780.5/5-2852)

State–Defense Working Group and submitted jointly to the Secretary of State and the Secretary of Defense in a memorandum dated April 15, 1952.[2] Part III of this paper recommended a series of steps, beginning with a Seven-Power meeting in London, intended to effect the formal establishment of the MECO and the opening of Command headquarters. Part IV recommended a United States position with respect to the form and character of the proposed organization which was intended to serve as guidance to United States representatives in negotiations with the representatives of the other sponsoring powers looking to the establishment of the organization.[3] This paper is currently under consideration in the Department of State.

Recent developments have required this Department to take a position in advance of final action on the paper, with respect to the points covered in Part III. As the Defense Department is aware, on April 29 the British Embassy handed this Department a memorandum suggesting that the proposed Seven-Power meeting on MECO should be postponed until the Anglo-Egyptian situation becomes clearer, and suggesting the desirability of inviting Egypt and Iraq to such a meeting when held.[4] After consulting the Defense Department informally and seeking the views of our missions in the Near East and Turkey, the Department of State on May 20 made the attached statement on the United Kingdom memorandum to officers of the British Embassy.[5] The principal points of this memorandum may be summarized as follows:

1. It would be desirable to postpone the Seven-Power meeting pending a clarification of the Anglo-Egyptian situation.

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[2] Not printed. A copy of the Apr. 15 memorandum was attached to the Berry memorandum of May 23. (780.5/5-2852) A summary of the report is in the memorandum of Apr. 16 by Foster, Document 69. A copy of the complete report is in the PPS files, lot 64 D 563, "Near and Middle East, 1952-3". For a Department of State discussion of the paper, see the memorandum of conversation by Daspit, Document 70.

[3] Not printed. Part III, entitled "Recommended Schedule for Establishment of MECO," recommended an early date for the Seven-Power meeting. Part IV was entitled "Recommended US Position for Initial Seven-Power Meeting on MECO." It recommended, in part, that the higher direction for the Middle East Command should come from an infrequently meeting Middle East Military Committee, on which all sponsoring and participating states would be represented at the Chiefs of Staff level; but specific policy guidance would be furnished by a subcommittee of that body, which would function continuously as an executive agent. It also recommended that, on some matters, the views of the British should be given special consideration "in view of their general responsibilities in the Middle East and the primacy of their role in MECO as evidenced by the US intention to support the designation of a British national as SACME." (PPS files, lot 64 D 563, "Near and Middle East, 1952-3")

[4] For a memorandum of the Apr. 29 conversation with the British, see Document 72.

[5] Not printed. (780.5/5-2852)

2. The Arab States should be consulted while MECO is in the planning stage.

3. It would be unwise to invite Egypt and Iraq alone of all the Arab States to attend a meeting charged with the task of drafting a form of organization for MECO.

4. Before consulting the Arab States, it is essential to coordinate the views of the Seven-Powers with respect to the general form and character of the organization and the essential elements which could not be compromised even for Arab cooperation.

5. It might be desirable to effect this coordination through diplomatic channels rather than by means of a meeting. After this step had been completed, the Arab States should be consulted at approximately the same time and on the same basis. It could then be determined how best to proceed with the establishment of the definitive form of the organization.

6. Israel should be informed of developments at the same time the Arab States are approached.

7. The Department of State is prepared at an early date to discuss with the British Embassy, in great confidence, current British thinking concerning the form and character of the MECO, as a preliminary to possible wider discussions among all the sponsoring powers.

The Department of State is concerned about the problem of securing Arab cooperation with MECO, and considers that the procedures outlined above are better adapted to this objective than those recommended by the Working Group. It is hoped that they will make it possible to develop a Seven-Power position on MECO without causing disquiet in the Arab States, and at the same time will leave us considerable latitude in determining the manner and timing of approaches to the Arab States. This Department feels that this latter problem should receive further careful study, which can proceed concurrently with the proposed diplomatic discussions concerning the form and character of the organization. There are various political factors which may affect the timing and manner of further moves directed toward the establishment of MECO, and this Department will continue to keep the situation under review.

The Department accordingly suggests that the review of the Working Group paper be limited to the recommended position set forth in Part IV, since a joint State-Defense position on the points covered in this part will be sufficient for purposes of the proposed discussions with the British. The Department hopes that it will be possible to establish such a joint position by the time the British are ready to present their views and that the Department of Defense will be prepared to designate a representative to participate in the discussions.

Sincerely yours,

For the Secretary of State:
H. Freeman Matthews
Deputy Under Secretary

No. 76

State-JCS Meetings, lot 61 D 417

Department of State Minutes of State–Joint Chiefs of Staff Meeting [1]

TOP SECRET

[WASHINGTON,] June 18, 1952.[2]

PRESENT

General Bradley
General Collins
Admiral Fechteler
General Twining
Admiral Wooldridge
Admiral Fife
General Bolte
General Lee
General Cabell
Colonel Carnes

Mr. Matthews
Mr. Nitze
Mr. Perkins
Mr. Byroade
Mr. Ferguson
Mr. McClerkin
Mr. Tufts

Mr. Lay
General Ruffner

MIDDLE EAST

Mr. Matthews: We would like to discuss with you this morning our strategy toward the Middle East and what we can do in light of the vacuum in that area.

General Bradley: This is a very important area and it is highly desirable to do something about its defense. The question seems to be: Where will the stuff come from? It will take a lot of stuff to do a job there. The problem of getting Australia and New Zealand to do much in the area will be difficult until we are prepared to do something. Now that the Turks have gotten into NATO they say they are prepared to support the Middle Eastern Command and they may be willing to do something. I don't know how far we could get with Pakistan until the Kashmir problem has been solved. If we give Pakistan military aid we will find ourselves in trouble with India. When we look at Israel and the Arab States it seems clear that if we give something to Israel we will have to give something to the Arab States. Again, where is the stuff coming from? Our present priorities put Korea in first position, then Indochina, and then the U.S. and NATO. We don't think those priorities can be changed.

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[1] A notation on the first page reads: "State draft. Not cleared with any of the participants."

[2] The meeting was held at 11 a.m. at the Pentagon.

Mr. Nitze: We had looked at the problem from a somewhat different point of view. If we think that by 1956 we could really build up a defensive position in the Middle East, then it would be possible to think about a forward strategy as we have in Western Europe. In other words, if we look at this as a 1956 problem rather than a current problem, then perhaps matters will not look as hopeless. Certainly there is plenty of manpower there from which to build divisions. Looking at the problem of equipment and finances that far ahead, the problem does not look unmanageable to us.

General Bradley: We admit the great importance of the area. We think quite a lot could be done politically. This would have to be coupled with some military aid. We think, however, that outside forces would be required and where are these troops to come from? We might come to view it as a problem about which something could be done by 1956, but we are reluctant to commit U.S. forces to the area, much as we want to defend Middle Eastern oil and the area as a whole. This is not a problem of objectives but a problem of how to get the job done.

Mr. Nitze: In our view we should not commit U.S. troops, even in 1956.

General Bradley: Nevertheless, it would be hard to persuade anyone else that the Middle East could be defended without U.S. troops.

Mr. Matthews: How do you envisage the defense of the Middle East? Is it a realistic matter?

General Bradley: Our feeling is that it is not now too realistic.

General Collins: What are the British doing to obtain commitments from Australia and New Zealand?

Mr. Matthews: I don't know. Perhaps Mr. Perkins knows something about it.

Mr. Perkins: I don't know what they are doing.

General Collins: We have committed ourselves to the defense of Australia and New Zealand. We have guaranteed them against an invasion. We have done all this precisely to free up Australian and New Zealand forces for the Middle East.

Mr. Byroade: I don't know where these forces could go even if we could get them now.

General Bradley: The original idea was that they would go to the Cairo area. That is probably out now.

General Collins: We could do a lot with some forces in time of war. We could even put them in Iran in time of war to link up with the Turks. If we are going to hold Middle Eastern oil we will have to hold a line in Iran.

Mr. Nitze: We understand that it would take about 10 divisions to hold the mountains in Iran.

General Collins: Where are you going to get 10 divisions?

Mr. Nitze: The Turks say that they will furnish 6.

General Collins: If the Australians and New Zealanders would furnish one each we would only need two more.

General Bradley: There is no disagreement regarding objectives. We can't see a possibility of using U.S. troops in the first couple of years. We do think that something can be done politically and that some military assistance can be provided. The question of defense is a question of feasibility and of money and equipment.

Mr. Nitze: We were conscious of these same difficulties and it was for this reason that we thought that we should look ahead and consider the problems in terms of the situation in 1956.

General Collins: Can anyone assure us that large funds will be available for foreign assistance after next year? Even Ike is talking about a $40 billion cut. There appears to be some doubt about how much of a cut he thinks possible and over what period of time. But even if it were a $20 billion cut spread over three years it would be difficult to maintain a high level of foreign assistance.

General Bradley: Of course we think that Turkey ought to get a high priority on any assistance we can provide.

General Collins: The real hope of Middle Eastern defense is Turkey. If we could get a stable government in Iran, one which would talk turkey with the Turks, we might be able to do something in Iran. It might be possible to do something with the Iraqis but we will have to get permission from Iran before any forces can move in to defend the mountains.

General Bradley: Your memo[3] raises the question of the use of atomic bombs in the defense of the area. We doubt that it would be effective to use them in the mountain passes. . . . We do feel that it is desirable to establish the MEC.

General Collins: Especially if we could persuade the British to give Turkey the right role.

Mr. Nitze: I think we agree that it would be unwise to make commitments regarding U.S. troops or even commitments regarding U.S. aid because of the uncertainty of Congressional appropriations and of our future production schedules. However, we feel that it would be desirable to have a concept which would give us hope of a forward strategy.

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[3] Reference is to the Policy Planning Staff memorandum of May 21, Document 74.

General Collins: I don't know the status of that. I have talked with the British about this problem and I think the British are only planning a defense of the inner ring. The trouble with this is that it makes no use of the Turks. The real hope lies in the defense of the outer ring which would make use of the mountains and Turkey's forces. If we don't give the Turks a position of real responsibility there is a danger that the Russians can come down through Iran without involving Turkey. They might try to keep Turkey neutral by saying that they would not attack Turkey if Turkey behaved. If this worked they could easily squeeze us out of the Middle Eastern oil areas.

Mr. Nitze: (Turning to Byroade) Didn't the Turks express grave concern regarding the outflanking move by the Russians?

Mr. Byroade: Surprisingly enough they did not. The Turks say that Russia will never move into the Middle East without taking care of Turkey first. Of course I think they are trying to convince us that the defense of Turkey is the defense of the Middle East.

General Bradley: As to what we can do about that, the first thing seems to be in the political field—the setting up of the MEC. Of course this raises the problem of Egypt and even of Tunisia.

Mr. Nitze: The way in which we set it up depends partly on what we are trying to do. If we are thinking of a forward strategy which involves Turkey, Iran and other forces from the area, then we will want the full participation of the Arab States. This would be especially true if we were trying to avoid the use of U.S. forces.

General Bradley: We have been thinking about an organization of Turkey, France, the U.K. and the U.S. into which the Arab States would be brought as we could bring them in. One of the things that worries us is that if we bring all of the Arab States into the organization at the outset the Arab League becomes a major factor. Another thing that concerns us is that we do not like the suggestion of a three-power steering committee. In our judgment this is not realistic if only because it excludes the Turks.

Mr. Nitze: We in State do not think that the concept of a command organization is realistic. We think the idea of a defense board is a better idea since a real defense of the area is so far in the future.

General Collins: I am not sure that these Turkish divisions are so far in the future. Ambassador Wadsworth tells me that the Turks are willing to create six divisions right now for use in Iran. We have not had a chance to talk to Arnold about this. Personally I am doubtful about our ability to supply the equipment for these divisions. These divisions would constitute an offensive force and would therefore require more equipment than other Turkish divisions.

Mr. Byroade: I talked with Arnold about this when I was in Turkey. It is clear that the U.S. will have to pay for everything for these six divisions.

General Bradley: I don't think we can undertake this on that kind of a commitment.

Mr. Nitze: We have been told that the equipment would cost about $165 million, that annual maintenance cost would run to about $135 million, and that about 10% of the initial equipment outlay, or $16.5 million would be required annually for spare parts and replacements. A preliminary review indicates that these costs are probably too low. We think now that the cost of the original equipment has been underestimated and in light of the mobility that these forces would have to have and that the annual equipment for spare parts and replacements would be higher than the estimate indicates. On the basis of our information we think that the cost might run two or three times as high.

General Collins: Of course these divisions don't need as much as our own. They are really a mountain type of division. On the organizational question, would it be worthwhile in your view to set up a three member steering group consisting of the British, the Turks, and a representative of the Arab States? I think if we could put something like that over we would be on our way to solving some of these problems. I think we ought to take the people in the area into our full confidence.

Mr. Matthews: We have recently received a British paper on this subject.[4] I believe a copy of it was left with you also.

Mr. Nitze: The British have come to the view that the organization should not be a command organization but a planning organization.

General Bradley: Someone has got to take decisions whatever the nature of the organization is. Perhaps the head of it could be called a chairman rather than a commander.

Mr. Nitze: There are two problems here. One concerns the type of organization we want in the Middle East and the other concerns the *ad hoc* coordination between the U.S., the U.K. and Turkey about what we are really going to do.

General Collins: Could we not agree with the British on the basic concept involved and then let the British go ahead with the planning?

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[4] Not printed, but see footnote 1, *infra*.

Mr. Matthews: Do you mean without any U.S. representation on the planning organization?

General Collins: Yes.

General Bradley: I think the U.S. would have to have representation on the planning staff. As to the three member steering group, the British think that that kind of a set up would make it easy to give coordinated direction. I am afraid, however, that we won't be able to hold the line on a three nation steering group in NATO if we have more than three in the Middle East.

Mr. Matthews: Do you have to have an organization to give guidance?

General Collins: I think that is necessary.

General Bradley: I suppose we could have a planning board with a chairman. That would be solution along the lines followed by the Western Union powers. They had a planning board with a rotating chairmanship.

Mr. Nitze: We have explored the idea of a planning board which would include all the members of the organization. We thought it might be possible to set up a smaller body which would actually do the planning for the Middle East and which would have either a British chairman or a rotating chairmanship. That would leave the problem of coordination among the Western nations on their approach to these problems. We might do that on an *ad hoc* basis.

General Collins: I think we could do it on an *ad hoc* and unilateral basis.

Admiral Fechteler: And a covert basis as well.

General Collins: It should be clear that the U.S. is participating because we are the ones who supply military aid.

General Bradley: I think we will have to furnish some of the staff for most of these people don't know how to plan. Of course the British do, but even the Turks are not familiar with military planning in our sense.

Mr. Nitze: I suppose we will also want our staff to work on training problems.

General Collins: Of course we are doing that right now. The thing I am afraid of is getting into the minds of the people the idea that the U.S. will come to their aid in the event of war. If we had the capability for this, I would say "Three cheers!" We simply don't have the capacity.

Mr. Matthews: Of course we also want to avoid the other extreme of giving these people the idea that we don't care about the defense of the Middle East.

General Bradley: That is right. I think we have got to have some U.S. representation in the planning function.

General Collins: We suggested that the U.S. might furnish 10 percent of the staff. I think State has suggested 20 percent.

General Bradley: Some one has suggested that the U.S. should have as many people on the staff as anyone else. In my judgment, the Turks should have the most.

Mr. Nitze: The British paper differs from ours somewhat though it also comes rather close to the ideas we have been considering. It does suggest a Middle Eastern Defense Organization instead of a Middle Eastern Command. It proposes a Supreme Allied Commander Middle East (Designate) instead of a Commander. The paper differs somewhat in that it suggests that the ideas should be communicated to the French and Commonwealth countries and to the Turks after some preliminary U.S.-U.K. discussions. The British propose that their paper should be circulated as a British paper. In other words, they are thinking of a seven-power approach to the problem. The idea then would be to hold diplomatic discussions among the seven to determine how to proceed. We have a question concerning Arab participation. The British propose that Arab participation should be contingent upon their commitment to make facilities available for Middle Eastern defense.

General Bradley: How can they know what they will be prepared to contribute until after a meeting?

Mr. Nitze: We are leaning to the view that we ought to have a political organization first in order to create the preconditions for really doing something in the military field.

General Bradley: Have you considered the problem of Congressional approval? We can probably get some military men together to engage in planning without raising the problem of Congressional approval, but won't Congress insist on approval of a political organization? It would come awfully close to a treaty.

Mr. Byroade: In my view, we ought to keep this a military operation, largely because we can get better cooperation from the military in the Arab countries than we can get from the politicians. The political leaders will want to talk about Israel all the time.

General Collins: What about a military planning organization including the British, Turks, and Arabs?

Mr. Nitze: And no other organization?

General Collins: Oh, we could have a political organization in which everyone would be represented. I was just talking about the military planning job. What Arab country would we want? I suppose Iraq would be the best.

Mr. Matthews: That would make the Saudi Arabians suspicious. They are already worried that Iraq is trying to form an association with Jordan and Syria.

General Bradley: It seems to me that the first step is a meeting of military representatives of all those countries which would be willing to send military representatives. I think it would be better if we could have a political organization first, but I doubt whether we could do this without Congressional approval.

Mr. Nitze: Our thought is really a military organization which would have political importance.

General Bradley: Each military representative would of course receive direction from his government.

Mr. Nitze: Your idea, I take it, is that this group would decide to set up a smaller group to do the planning?

Mr. Matthews: Would the Arabs be interested in a meeting for this purpose?

Mr. Byroade: I don't think Egypt would be. At any rate they would have to know what it was all about. They would have to know that it wasn't a command type of organization and I think they would have to know that we weren't thinking of a British commander.

As you know, I just got back from a long tour through the Middle East. I have not yet been fully de-briefed, but as I size things up, I think there is a tendency around this table to overrate the U.K. position in the area. It seems to me that there is a real possibility that the British are going to get out of the area in a rather disgraceful way. If and when that happens, any idea of a Middle Eastern organization under British command will be no good. I am worried about the future disposition of the British troops now in the area. Where are they going to go? Some of them will probably go to Cyprus and some of them may go to Cyrenaica, but I think a lot of them will go home. Montgomery thinks that all the British troops will get out of the Middle East. He has even gone so far as to suggest the creation of new commands in NATO with Americans at the top. I think he has suggested a new commander-in-chief for the southern region under American leadership which would have the job of protecting the Canal. The Foreign Office says that he is talking through his hat but I am not so sure. One thing I am sure of is that we should not get into the command problem at all at this time and that we ought to confine ourselves to planning board functions. We ought to do the planning on as informal a basis as possible.

General Collins: What you are really saying is that the only power in the area is Turkey, so I am very suspicious of any effort to get the U.S. to do the job. If the British can't do it I think we should get the Turks to do it.

Mr. Byroade: I don't think the Turks will agree to give much leadership in the Arab world. They have now won their big victory by getting into NATO and they are a little more interested in the Middle East than they were, but I don't think they will go very far in providing leadership.

General Collins: The Turks will not fight in Europe.

General Bradley: Montgomery says they will. In fact he suggests that they occupy the Ukraine. (smiling)

General Collins: The fact of the matter is that they won't be fighting in Europe.

Mr. Byroade: I think we have got to watch the Egyptian thing very carefully. Planning is all we can engage in. I was told in Iraq that Iraq will break with Egypt if necessary in order to get going on this matter.

General Bradley: Would the Arabs come in if the Israelis were involved?

Mr. Byroade: No, they would not. Israeli participation will have to come much later and will depend on whether Arab-Israeli problems can be straightened out. In the meantime I am sure in my own mind that we should not build up the Israeli forces. We may have gone too far already.

Mr. Matthews: That is the real worry of the Arab States—not the Soviet Union.

General Bradley: I think we in the Joint Chiefs should consider the U.K. paper if we can get copies of it.

Mr. Matthews: There is some urgency about this since Mr. Eden wants to talk to the Secretary about it when the Secretary is in England.

General Bradley: (Turning to Admiral Fechteler and General Twining) Do you have any comments on this matter?

Admiral Fechteler: I have just been listening. I would like to read the U.K. paper before I express any views.

General Twining: My question is the same as General Collins': Where are we going to get the stuff? From whom are we going to take it away?

Admiral Fechteler: I think we might send the Swedes over to do the job.

General Bradley: The Swedes may be knocking on our door to get into NATO in the next few days.

Mr. Matthews: I would be willing to take a small bet on that—or a large one if you prefer.

. . . .

Mr. Byroade: The Iraqis are in a very emotional frame of mind. They are worried about a communist coup in Iran.

General Bradley: Is it really that serious?

Mr. Byroade: Our people don't think so but perhaps Iraqi intelligence on this matter is better than ours.

Mr. Matthews: I take it that the next step then is for you to consider the British paper.

Mr. Nitze: I hope we can have something more from you before the Secretary leaves.

General Bradley: I might attempt to summarize our views on these matters:

1. The area is of great importance.
2. The U.S. cannot send troops to the area.
3. The U.S. would be willing to contribute to the staff of a Middle Eastern defense organization, largely as a means of securing the participation of others in such an organization.
4. The JCS doubt that it would be practicable or desirable to use atomic weapons in the area.
5. . . .
6. The JCS believe that we should provide what military assistance we can to the countries in the area without upsetting our present priorities. The JCS does not believe that these priorities should be changed. The priorities now are (a) Korea, (b) Indochina, (c) the U.S. and NATO.
7. The organization ought to provide for representation of Turkey and perhaps representatives from the Arab League countries.
8. The JCS agree that British influence in the area is waning rapidly and although Britain is still regarded as responsible power, the JCS increasingly doubt that this view is realistic.
9. The British may want to look to the U.S. to provide leadership but the JCS doubt that this would be realistic. There may be political reasons why the U.S. should assume leadership, however, even though from the military point of view there are good reasons why the U.S. should not assume leadership.
10. The JCS agree that it would not be wise to set up a command in the area at this time.
11. The JCS believe that it would be possible to do some planning for the defense of the area.
12. From the military point of view it would be desirable if a political organization could be established first as a basis for the subsequent establishment of a military organization. Whether this is possible is a question for State to decide. It appears that if Congressional approval of a political organization would be required, it would not be possible to proceed with the creation of a political organization as the first step.
13. The JCS believe that it would be unwise to establish any relationship between the Middle Eastern planning organization and the Standing Group. Such a relationship would lead to trouble with some of the NATO countries. There would be no objection, however, to *ad hoc* coordination with the British and the Turks. The planning organization would in fact achieve coordination between Middle Eastern defense arrangements and NATO arrangements because of the fact that several countries would be involved in both organizations.

Mr. Nitze: In my opinion, this provides sufficient guidance to proceed with talks with the British on Middle Eastern defense prob-

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lems. The British want to talk about this problem before the Secretary leaves for England. It might be well for State to wait a day or two before talking to the British in order to give the JCS a chance to read the British paper.

General Bradley: I don't think that it will be necessary to wait if my summary covered the points raised by the British paper.

Mr. Nitze: The summary has covered those points.

General Collins: I think it would be helpful to talk with the British before the Secretary leaves for England.

[Here follows discussion on Korea.]

No. 77

780.5/6-2152: Telegram

The Secretary of State to the Embassy in the United Kingdom

SECRET WASHINGTON, June 21, 1952—3:15 p. m.

6830. US comments on UK memo re estab of Middle East Defense Org handed Brit Emb office June 20.[1] Substance of comments follows (1) Agree to proceed with dipl prep for the org among the seven-sponsoring powers after US and UK views have been brought into line. Fol development of agreed position among the seven, US, UK, France, and Turkey shld make dipl approach to Arab states, and only after Arab reaction assessed shld further decision be made as to additional steps in establishing MEDO. (2) US prepared to participate in staff of Middle East defense org, but this in no way implies commitment to supply forces for defense of area. (3) US willing continue provide mil assistance to area, but without any present alteration in existing priorities. (4) Agree proposed change in name desirable. (5) Agree functions. (6) Do not believe organizational structure shld be strictly on Command lines or that provision shld now be made for a SACME designate. Prepared to support Brit natl as Chairman of Planning Org. (7) As to Arab participation, do not believe necessary apply qualifying standards. (8) As to Higher Direction, agree to establishment of a Mil Representatives Comite including all participating states. Believe chairmanship of body shld rotate. Opposed to the establishment of Middle East Steering Group with same membership as NATO Standing Group. (9) Agree necessary that Middle East Planning Group shld work with benefit of relevant NATO plans and that a coordinated US–UK–Fr–Turk view shld be brought bear on work of Planning Group as it develops, but believe this can be accomplished by devising *ad hoc* arrangement for coordinating views of four powers on continuing basis.

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[1] On June 18, officers of the British Embassy called at the Department of State with a draft memorandum on the Middle East Defense Organization. The memorandum suggested changing the name from Command Organization to Defense Organization and stated that the British no longer favored delay in establishing the organization in the hope of an early settlement of the Anglo-Egyptian deadlock. They made the following suggestions for setting up the organization: 1) a preliminary and secret exchange of views among the original Seven Powers to agree on a policy before the official conference, 2) a London Conference of the Seven Powers, with Egypt and the six Middle Eastern States concerned (Iraq, Jordan, Syria, Saudi Arabia, Yemen, and Lebanon) invited to attend on an equal basis with the original sponsors. It would be made clear to the Middle Eastern States, however, that their position in the organization would depend on the contributions they made. A memorandum of the June 18 conversation and the British memorandum is in Department of State file 780.5/6-1852.

A letter to the Secretary of Defense, dated June 27, not printed, enclosed a copy of the U.S. comments on the British draft memorandum handed to an officer of the British Embassy on June 20. The letter informed the Secretary that the comments were based on the State-Joint Chiefs of Staff discussion of Middle East problems on June 18, and noted that copies of a previous draft of the comments had been informally furnished to the offices of the Secretary of Defense and Joint Chiefs of Staff on June 20. (780.5/6-2352)

No copy of the final comments was attached to the letter to the Secretary of Defense in Department of State files. There is, however, a copy of the original draft of the comments, dated June 19. (780.5/6-1952) A letter from the Deputy Director of the Policy Planning Staff to General Cabell, Director of the Joint Staff, dated June 24, not printed, informed Cabell that the original draft had been revised to take account of two points raised by the Joint Strategic Survey Committee. (PPS files, lot 64 D 563, "S/P papers, May-June, 1952") A memorandum from the Chairman of the Joint Chiefs of Staff to the Secretary of Defense, dated June 24, not printed, with the formal JCS recommendations on the June 19 draft comments, was transmitted to the Department of State with a letter of June 28 from Foster to Acheson; see footnote 2, Document 80. (780.5/6-2652)

In ans questions Brit representative, Dept officer amplified several pts.

Dept considers substantial amt Arab participation essential to enterprise but Egypt cooperation regarded as indispensable only if other Arab States refuse cooperate without it.

Reason for preferring organizational structure on other than command lines, and postponing provision for SACME primarily feeling this will reduce Arab distrust. Since clear from UK memo that estab operative Command considerable distance off, reasonable avoid difficulties with Arabs which wld be involved in providing for it now.

Same considerations underlie desire eliminate qualifications for membership. Provision of substantial assets not practical issue until later stage in organization's development. Therefore no need to raise problem now.

Believe identification of NATO Standing Group members with MEDO wld cause difficulties both with Northern Eur NATO states and Arab States as well. Agree with Brit objectives, but believe these can be met by means which will create fewer difficulties.

No firm position on Higher Polit Direction. Obviously some such device as UK proposes wld have desirable aspects. However org which included such body as integral part wld raise more serious polit question US.

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No. 78

780.5/6-2752: Telegram

The Secretary of State to the Department of State [1]

TOP SECRET PRIORITY LONDON, June 27, 1952—1 a. m.

Secto 19. At third bilateral conversation with UK held June 26 on Middle East Defense Organization, Indochina and Korea, Eden, Selwyn Lloyd, Strang, Dixon, Makins, Bowker and Hood were present for British and Secretary, Gifford, Jessup, Nash, Perkins, Nitze, Battle, Kirkpatrick and Palmer for US.

A. MEDO—Eden said he thought we were pretty much agreed on general lines of MEDO but there remained question of how to set it up. UK had thought until recently that Arabs shld be invited soon to join organization. British ME Chiefs of Mission at recent mtg, however, did not believe Arabs wld reply favorably to invitation. They thought therefore there might be something to be said for seven powers setting up organization. If any of Arabs then wanted to come in, they wld be welcomed. Chiefs of Mission felt thing to avoid was confronting Arabs with invitation, which wld necessitate their making decision. This wld probably result in refusal and make later acceptance more difficult.

Secretary said he did not think we were far apart on MEDO. He thought best procedure was to try work out remaining differences between UK and US, fol which French, Turks and Dominions wld be approached. When lines agreed among these seven, we cld then take quiet soundings from Arab states to see how they stand. If they are not willing to join now, we might then go ahead and set up organization. He agreed we shld not issue formal invitation now. Re MEDO itself, US has in mind looser organization than UK paper envisages.[2] Secretary then outlined our position re military reps comite, planning group with British chairman and *ad hoc* group to coordinate views US, UK, France and Turkey and provide liaison with NATO.

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[1] Secretary Acheson was in London June 23-28, on the first leg of a trip to Berlin, Vienna, Dakar, and Rio de Janeiro. He received an honorary degree from Oxford on June 25 and, with his principal advisers, held a number of discussions on various topics with British officials on the other days of his stay. Memoranda of the conversations in London are in the Conference files, lot 59 D 95, CF 111. For additional information on his trip, see vol. v, Part 2, p. 1544.

This telegram was repeated to Pusan, Saigon, Paris, and Tokyo.

[2] See telegram 6830 to London, June 21, *supra*.

SACME shld not be designated until capabilities developed. At that time whole structure might be changed and chairman planning group might become SACME designate.

Dixon asked whether we felt organization shld be set up if results soundings Arab states negative. British Chiefs of Mission had thought Arabs might be more attracted if they saw going concern. Secretary said he felt it depended on nature Arab reply. If Arabs seem merely to be shy it might be best to go ahead. If on other hand they show themselves to be hostile, we might wish reconsider.

Dixon asked how we envisaged planning group operating and whether we intended that chairman PG wld appear to be head of MEDO. Secretary replied he thought it was wiser to have MRC as head of organization. Real work wld be done however by small PG headed by British. It wld be up to British to decide whom they wished to designate as chairman. Chairman wld set up his various sections and recommendations which were worked out wld be placed before MRC.

Dixon said British had thought there was advantage in progressing further at this time toward more formal command structure. They thought this wld give greater appearance of strength to Arab states and might therefore be more attractive to them.

Secretary indicated this was debatable point. We thought there was probably more prospect of attracting Arabs if organizational structure not frozen. Nitze added we felt it desirable maintain flexibility. He stressed importance we attached to getting Arabs into organization. If we are to look toward a forward defense of area, we need Arab cooperation. He thought our whole approach to organizational problem shld be such as to maximize prospects getting Arabs in at beginning and encourage them to think they were participating in erection of organization rather than giving impression they being faced with *fait accompli*.

Eden said he agreed we shld be flexible when we approached Arabs.

British also raised question standing group. They thought we shld look ahead now to wartime eventuality of NATO SG becoming overall direction agency. There is, moreover, problem of French who have very strong views this question. There may be difficulty in getting them into MEDO at all unless we yield this point.

Secretary pointed out problem presented by Turks. Without Turkish participation MEDO, latter wld have no firm foundation. Turks willing under certain conditions contribute six divisions, which is more substantial contribution than anything French can give. He thought we cld achieve necessary coordination among four powers and liaison with NATO through *ad hoc* arrangements. If war came, then changes might be necessary. Nitze pointed out views JCS on SG question, particularly possibility creating precedent which wld encourage others such as Canadians to press for participation in higher direction.

Eden indicated he thought we were in substantial agreement on most points. He suggested further conversations by staff to see if agreed paper cld be worked out. Secretary agreed and it was decided that Nitze and Nash shld carry conversations further with Dixon and Bowker. [3] Agreed paper wld be *ad referendum* US and UK Govts. It was also decided discuss MEDO with French in tomorrow's tripartite.

For Far East discussion Scott joined British group and Ringwalt US group.

[Here follows discussion on Indochina (see volume XIII, Part 1, page 210) and Korea.]

ACHESON

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[3] Telegram Secto 18, June 26, not printed, reported on the staff meeting and informed the Department of State that the paper would be reorganized according to Nitze's suggestions. (780.5/6-2652)

No. 79

780.5/6-2752: Telegram

The Secretary of State to the Department of State [1]

SECRET PRIORITY LONDON, June 27, 1952—10 p. m.

Secto 24. Re Secto 18, [2] following paper on MEDO has been agreed here by US and UK *ad referendum* both governments:

"*Nomenclature.*

"1. It would be preferable that the organization to be set up in the Middle East should be termed a 'defense organization' rather than 'command organization' since, particularly in so far as the Middle East states are concerned, the former name is likely to have more psychological appeal. The term Allied Middle East defense organization (MEDO) is therefore used throughout this memorandum.

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[1] Transmitted as a circular airgram from the Department of State to Paris, Ankara, Pretoria, Canberra, and Wellington on June 30. (780.5/6-3052)

[2] Not printed, but see footnote 3, *supra*.

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"*Background.*

"2. In September, 1951 the seven sponsoring powers (UK, USA, France, Australia, New Zealand, South Africa and Turkey), agreed that a Middle East defense organization (MEDO) should be established.[3] Early this year, it was agreed that the establishment and development of MEDO should be carried out in two phases and closely geared throughout to the Paris declaration of November 1951. In the first phase, the organization should be a planning, coordinating and liaison organization: In the second phase it should evolve into a fully-fledged defense organization. It was decided that an official inaugural conference of the seven sponsoring powers should be held in London in March to discuss the setting-up of MEDO, but it was later agreed that this conference should be postponed in the hope that the new government in Egypt might in due course develop a more favorable attitude towards the whole concept.

"*Present Situation.*

"3. We do not consider that we should delay the plans for the establishment of a MEDO any longer in the hope of any early issue of the Anglo-Egyptian deadlock. Thus, it is desirable that the seven sponsoring powers should now reach early agreement on:

"(a) The form, and functions of MEDO;

"(b) The tactics to be pursued towards the Middle East states.

"*The Functions of the MEDO.*

"4. The main functions of the organization will be as outlined in the Paris declaration i.e.

"(a) To draw up plans for the defense of the Middle East and to be a center of cooperative effort for defense purposes.

"(b) To plan for, and provide the Middle East states with, assistance in the form of training and advice.

"(c) To coordinate requests by Middle East states for arms and equipment.

"(d) To make plans for the operations in war of all forces within, or to be introduced into, the area and to coordinate them with the operations of the adjoining NATO command in the Eastern Mediterranean and Asia Minor.

"(e) To reduce such deficiencies as exist at present in organization and capacity for the defense of the area.

"*Structure of the Organization.*

"5. The organization should be kept flexible and as small as is consistent with:

"(a) The need for efficient planning;

"(b) The participation of a number of different countries;

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[3] For documentation, see *Foreign Relations*, 1951, vol. v, pp. 1 ff.

"(c) A smooth evolution into full defense organization which is the ultimate aim. The organization would consist of:

"(a) Military representatives committee
"(b) Planning group. The organization would be established in Cyprus unless some more suitable site became available.

"*Military Representatives Committee.*

"6. The military representatives committee would consist of representatives of all states participating in the organization. It would be responsible for the general direction of the planning group and would meet twice a year, or more often if required. The chairmanship of the committee would rotate.

"*The Planning Group.*

"7. The planning group will be composed of planning teams supplied by the participating powers. In view of the existence of a British Middle East Command, the contribution the UK will make to MEDO and her responsibilities in the Middle East, the head of the planning group should be British. The group would be divided into appropriate sections to handle e.g. logistics, intelligence and operations, administration and plans, training, coordination of requests for military aid and equipment; liaison with nonparticipating Middle East states.

"8. The military representatives and the members of the planning group would obtain direction and guidance from their respective governments and report to them, pending the evolution of a fully integrated defense organization.

"*Relationship With NATO.*

"9. The necessary coordination between Middle East and NATO planning will be achieved by appropriate liaison in Washington.

"*Participation of Middle East States.*

"*Egypt*

"10. Egypt was invited in October 1951 to join a Middle East defense organization as a founder member on an equal footing with the present seven sponsoring powers: Despite her rejection of the proposals this offer remains open. Egypt's eventual participation in the defense organization is, moreover, very important in view of the strategic facilities which she can offer on her territory.

"*Israel*

"11. Although Israel clearly has a valuable contribution to make to the common task of Middle East defense by the provision of forces and facilities, her inclusion in the defense organization as a full member, at least for the time being, would destroy any chance of obtaining the cooperation of the Arab States. Her exclusion is, therefore, inevitable at this stage; the Israeli Government understands this.

"*The Other Arab States*

"12. These states are all directly interested and in varying degrees facilities (e.g. bases or transit rights) will be required from all of them. Taking a long view, no satisfactory defense arrangements for the Middle East can be made without the active and willing cooperation of these states. Whilst this cooperation might be achieved by some form of liaison between the organization and each Middle East state individually, it would be much more satisfactory if, in the initial planning stages, the states would actually participate in the organization.

"*Tactics to be Adopted Towards the Arab States.*

"It is unlikely, however, that the Arab States would in present circumstances accept a formal invitation to participate in the organization. Having once refused, it will be the more difficult for them to change their attitude later or to cooperate in any way with the organization. The British representatives in the Middle East consider that the establishment of an organization will be regarded by the Arabs as a token of the sincerity of Allied determination to defend the Middle East, and that the mere fact of its establishment would tend to attract Arab cooperation.

"The right line of approach to the Arab States would thus seem to be to inform them of the plans of the sponsoring powers, to indicate that we should welcome Arab association with the organization and that if, as seems probable, the Arab reaction is shy rather than hostile, we should then go ahead with the establishment of the organization and hope that as it proceeds with its work the Arab States will tend, individually or collectively, to cooperate progressively with it.

"*Future Action.*

> "(a) Exchange of views on the UK proposals between the sponsor powers through diplomatic channels;
>
> "(b) As soon as the sponsor powers have reached agreement an approach should be made to the Arab States to inform them of the intention of the sponsoring powers to establish MEDO in Cyprus and to sound out their willingness to join that organization in order to plan for the defense of the Middle East."

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No. 80

780.5/6-2852

The Acting Secretary of State to the Secretary of Defense (Lovett)

SECRET [WASHINGTON,] July 10, 1952.

MY DEAR MR. SECRETARY: I enclose for consideration by the Department of Defense a copy of Secto 24, London, June 27, 1952[1] which contains a paper on the Middle East Defense Organization agreed to *ad referendum* by the United States and United Kingdom following discussions between members of the group accompanying the Secretary of State and the British in London. This paper is a revision of the earlier United Kingdom draft memorandum on the same subject, which was modified to take account of a number of changes suggested by the United States in the course of the discussions. Although Mr. Foster's letter of June 28, 1952 forwarding the views of the Joint Chiefs of Staff on the United Kingdom memorandum [2] had not been received at the time these discussions occurred, it will be noted that the present revision of that paper meets several of the points raised by the Joint Chiefs.

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[1] *Supra.*

There is also attached a copy of a memorandum handed to this Department July 7 [3] by officers of the British Embassy in which the United Kingdom proposes certain changes in the draft of June 27. Also attached is a draft reply to the British proposals, [4] in which we indicate that the suggested changes are not acceptable and ask that the draft of June 27 be circulated.

In the opinion of the Department of State, the draft of June 27 provides a suitable basis for the proposed initial exchange of views among the sponsoring powers. In the course of such exchange of views, the United States Government can make such further suggestions with respect to the Middle East defense arrangements as may seem desirable. The paper as now drafted does not, in any case, provide a definitive blue-print of the proposed Organization, and there will be need for further deliberation before the Military Representatives Committee is convened or a planning group established. Moreover, the United States has already indicated to the United Kingdom that after the Arab States have been approached the situation should be reassessed before further steps are taken. There will thus be further opportunity for the United States to propose changes in the Organization as presently outlined, particularly where these changes are essentially of a supplementary nature.

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[2] Neither the letter nor the Joint Chiefs of Staff views under reference here is printed. The letter concluded by saying that Foster believed further discussion between the Departments of State and Defense would be necessary prior to discussion of the Allied Military Command with the British.

The Joint Chiefs of Staff memorandum, dated June 24, requested deletion of a section in the original June 19 Department of State draft saying that the United States would question the wisdom of proceeding with the establishment of the Middle East Command in the absence of reasonable prospects of participation by at least some of the Arab States. (780.5/6-2852)

Further information on this topic is in telegram 6830 to London, Document 77.

[3] Not printed.

[4] The draft reply, entitled "Proposed US Comments on Revised MEDO Paper of June 27, and UK proposals for changes in that paper, dated July 7," is not printed. The U.S. paper considered the changes proposed by the British in paragraphs 6 and 9 inconsistent with the U.S. view that coordination among the United States, United Kingdom, France, and Turkey, as members of NATO and participants in MEDO, should be achieved by *ad hoc* arrangements outside of MEDO.

With regard to the paragraph on the Arabs, the United States considered the problem of the approach to the Arab States of crucial importance and planned to give it additional study, and did not want to take a final position on the matter without consultation with the Chiefs of Mission in the Arab capitals. The final paragraph of the paper ended by saying, "Moreover, we are not prepared at this time to make a commitment to proceed with the establishment of the organization regardless of Arab sentiment. As the Secretary clearly stated to Mr. Eden, we would have serious reservations about proceeding and would wish to reassess the situation if the Arabs appear hostile to the Organization. In our opinion, the language of the draft of June 27, which provides essential flexibility on this point, should be retained." (PPS files, lot 64 D 563, "Near and Middle East, 1952-3")

Subject to the concurrence of the Department of Defense, this Department proposes that the United Kingdom should be informed, in the general terms of the attached memorandum, that the changes proposed in their paper of July 7 are not acceptable, but that the United States approves the draft of June 27 as the basis for an initial exchange of views among the sponsoring powers. The United Kingdom is most anxious to circulate the memorandum to the other sponsoring powers, and we would be grateful to receive the views of the Department of Defense as soon as possible.

Sincerely yours,

For the Acting Secretary of State:
H. FREEMAN MATTHEWS
Deputy Under Secretary

No. 81

Secretary's Letters, lot 56 D 459

Memorandum by the Acting Regional Planning Adviser, Bureau of Near Eastern, South Asian, and African Affairs (Hoskins), to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) [1]

SECRET [WASHINGTON,] July 25, 1952.

Subject: Re-appraisal of US Policies in the NEA Area

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[1] The source text is Attachment I to a memorandum by Hoskins to Byroade, dated July 25, not printed, and is a revision of an Apr. 7 paper on the same subject, Document 67. The covering memorandum suggests that since too many discussions with the British and French in the past had foundered because NEA had not held discussions and come to agreement with EUR and the Department of Defense and other agencies of the U.S. Government, no more discussions should be held with the other powers until agreement had been reached with other parts of the Department of State and other agencies. (Secretary's Letters, lot 56 D 459, N)

Attachment II to the July 25 memorandum, "Suggestion of a possible solution of two NE problems: A stronger regional defense and a Syrian-Israeli peace", is not printed.

Part I—General Comments

Major Impressions

(1) The following major impressions of my recent trip to the Middle East confirm and emphasize various points outlined in Part I of BOP's April 7th memorandum, especially paragraphs 5 and 6. These impressions may be summarized as follows:

(a) There is a continuation of the gradual deterioration of the free world position in the Middle East as reported over the past several years after each of my trips to the field. My recent trip is no exception since this time I must again record a lower standing not only of the position of the US, of the UK and of the French but now also of Turkey as well. Turkey's weakened position, which can be temporary, stems from the fact that a growing number of people in the Arab states feel that Turkey has decided to orient itself heavily toward Europe and NATO rather than primarily as a Middle East and Asian power. Furthermore, they feel that Turkey has been induced to accept and to help enforce decisions, several also of which she had had no part in making, which are not in their opinion, in their long term interest. For the moment, and only in some Arab circles it should be clear, Turkish support of any idea or plan is almost the "kiss of death" and our propaganda people broadcasting to the area should bear this in mind.

(b) The tides of neutralism and nationalism, with which communism has successfully allied itself to an increasing degree, continue to rise. One impressive development since my trip last year is the surprising increase in the number of acknowledged communists in the Middle East and their growing influence, despite the Moslem religion which many, including King Ibn Saud, felt would form an effective barrier.

(c) Distrust of the motives of the western powers in proposing a Middle East Command (MEC) is general throughout various Arab states and is confirmed by their unwillingness even to consider joining any type of MEC which puts foreign troops on their soil in peace time, especially prior to any settlement of the Egyptian issue.

(d) There is little if any constructive progress in recent months to report toward the solution of the continuing difficulties in Morocco and Tunisia, in Egypt and the Sudan, in the Arab States and Israel, in Iran or in Kashmir. Several of these issues, including Egypt and Iran, are now even more bogged down than they were, with no prospect of immediate solution. This also confirms BOP's estimate in paragraph 9 of the April 7th memorandum.

(e) US influence throughout the Moslem world has been weakened and continues to be weakened further:

> By our continuing moral, material and military support of Israel. Greater and more favorable Israeli publicity in the US has continued to be supplemented at intervals by well publicized vice-presidential or cabinet officer speeches which stress Israel as the sole or main bastion of democracy in the Middle East. The fact that such speeches do not necessarily represent

the official views of our government is completely overlooked, and for different reasons, by both Arabs and Jews in the area.

By our apparent support for what Arabs consider outdated and undemocratic colonial policies of France and the UK which run contrary to the growing feeling for nationalism in various parts of the area.

By a gradual but growing distrust of US policy, not only, it should be noted, in the Arab world but also in Israel. This is reflected in a continuing diminution of US prestige. Starting with disappointment at American policy, this feeling has grown to dislike and distrust and now in some cases has reached outright hatred of the US.

(f) At the same time, and despite the unfavorable facts described above, it is only fair to say that there are two mitigating factors which continue to operate in our favor:

Whether we admit the fact or not, there remains a considerable number of individuals, mainly those educated in American institutions in the area, who continue their effort to differentiate between the US Government and the American people. This small but informed group continues to have an almost subconscious faith in the basically sound qualities of the American people and of our ultimate support for the efforts of dependent peoples everywhere to win their independence. They may not express such views publicly but they will still do so in private conversations with Americans whom they trust.

There is a recognition, at times grudgingly given, of the ultimate economic and military strength of the US as we eventually demonstrated it in two world wars. They admit the success of our efforts to strengthen Western Europe, Greece and Turkey against the USSR and against communism generally. This admission exists despite our failure in China and our lack of evident success to date in Korea.

Basic US Policies Now In Force

(2) Our basic American policies in the NEA area, which in our interest have tended to follow the middle-of-the-road, have signally failed to satisfy either side—either France and the UK or the African-Asian powers:

(a) We continue to consider France the primary power in North Africa which must be supported to the greatest extent possible. On the one hand we have not felt able to give France the blank check she wanted us to give in advance of our knowing what reform program and what timetable she planned to offer. Nor on the other hand have we felt we could support extreme nationalist demands for immediate independence in either Morocco or Tunisia, despite local nationalist pressures for early self-government and for the eventual right to ultimate independence.

(b) The UK, in the view of our Department of Defense, still has primary responsibility for stability and military defense in the

Middle East. However, we must in all honesty recognize and attempt to reassess

—the growing military weakness of the UK made more difficult by her unsolved crises in Iran and in Egypt and
—the increasing unpopularity and distrust of the UK on the part of the governments and the people of the area.

(c) Meanwhile, our Government, without wishing to take on any added military responsibility in the area, has made intermittent and at times inconsistent efforts to use its influence with both France and the UK and the local governments to assist in increasing stability in the area.

(3) Our relative lack of success with those policies suggests a need again to reappraise them and to analyze alternative possibilities.

Dilemma of United States Policy

(1) [*sic*] We still have, as pointed out in the April 7th memorandum, an unreconciled divergence of views within the State Department between two basic US needs:

(a) Support of France and the UK wherever possible in the face of a threat of a diminution of their overseas influence or territories vis-à-vis the USSR and a growth of communism in the NEA area.

(b) Keeping and increasing, where possible, the goodwill and friendship of African-Asian peoples, including those seeking opportunities for greater self-government and economic improvement.

(5) Furthermore our Department of Defense is still of the opinion that:

(a) As a result of our military commitments to Korea, Indo-China and NATO, further calls for US military assistance are greater than our present capabilities.

(b) The tax burden to the US of building areas of military strength in places other than where we are already committed is as great at the present time as to make it politically undesirable for us to expand further our promises to supply military equipment to other areas, especially if such initial deliveries are likely to become continuing ones for an indefinite future period.

(c) The US cannot take primary defense responsibility for any additional areas of the world. However, in view of the importance of the Middle East to US security, token US forces, to gain political objectives, may at least be considered in specific instances.

(d) The French and especially the UK must not be allowed to reduce their military responsibilities, by transferring them to the US, e.g., as the UK did in Greece and Turkey in 1947. Hence the US Defense desire is not to weaken anywhere abroad our two strongest NATO allies—France and the United Kingdom.

The Growing Need for Increased US Leadership in NEA Areas

(6) Despite our preference for no further and no greater foreign responsibilities, the US is faced with the lessened capabilities of

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France and of the UK to supply leadership in the NEA area because of their reduced military, material and personnel resources. This would seem to make a US assumption of greater leadership in the NEA area increasingly essential if not inevitable. Our military may not feel we can take on any new commitments but at least we should recognize the changed situation and the danger of a power vacuum in the Middle East which, whether we like it or not, will be filled by someone.

(7) The free world would welcome a real and recognizable success in the Middle East as a desirable boost to morale, since at present it is recognized as an "area of weakness" and not an "area of strength".

A Possible Alternative US Policy—Building "Areas of Neutrality"

(8) Before committing ourselves to a policy of increased US leadership aimed particularly at making the Middle East an "area of strength", we should consider an alternative and less expensive policy. This might be described as building in the Middle East, and perhaps in other important parts of the world, "areas of neutrality".

(9) For one thing we must face up to the growing impossibility, financially and politically, of the US being able to supply arms to every country of the free world on the scale that has been found necessary in Greece and Turkey, e.g., $426 million (1947-1951) to Turkey.

(10) If it were possible, could we build "areas of neutrality" which are benevolently directed toward the free world? Politically and financially such a policy would be attractive since it would cost less in money and materials, especially military, then to build "areas of strength". Of course such a policy would still require that the US maintain a strong military position at home. This would mean that, in addition to our own military forces, we would continue to stockpile strategic materials and atomic weapons as at present, supported by a strong NATO and, to be hoped, by a growing area of benevolent neutrality in other parts of the non-Soviet world.

(11) Obviously the danger in pursuing such a policy would be the loss from time to time of neutral areas to subversive communist activities, such as have already occurred in the Balkans and in Czechoslovakia.

(12) Despite its attractive features this alternative plan would on balance seem to be too dangerous a policy for the US to pursue in the Middle East. This is especially true in view of Russia's need for large proven oil reserves which are available in the Middle East and which are at least not yet known to exist in Soviet territory.

Comments on Three Important Problems in the Middle East Area

(13) Among various problems in the area, there are three important related ones that are pressing for solution:

(a) Settlement of the Arab refugees from Palestine in neighboring Arab states.

(b) Plans for a stronger regional defense against communism and a possible attack by the USSR.

(c) Settlement of the Arab-Israeli conflict over Palestine.

(14) As to (a), the Arab refugees, a great deal of planning and considerable progress has been made looking toward a settlement of this problem. At the moment the prospects for a solution look brighter than at any time in the past. Ambassador Blandford reports that the Syrian Government has given him assurances that they will settle approximately 500,000 Palestinian refugees in Syria and that the Yarmuk project in Jordan is likely to go through, which can settle eventually another 125,000 refugees. If these two projects materialize to the extent anticipated, the back of the Palestine refugee problem will have been broken. Furthermore, since a settlement of the Arab refugee problem, (a), is an absolute prerequisite to the solution of (b) and (c) above, it is most important that we do everything possible to assure that these two projects are agreed upon and carried to successful completion as rapidly as possible.

(15) As to (b), regional defense, the concept of the Middle East Command (MEC) as proposed last fall was not acceptable to Egypt and, as indicated above, was also viewed with varying degrees of misgiving and distrust by various Arab states. Aside from a feeling that this military command concept was being forced on them, the Arab states had two other objections—their unwillingness to have foreign troops stationed on their soil in peacetime and their objection to a Supreme Commander of United Kingdom nationality. The MEC plan has, I understand, now been replaced by a different concept, the Middle East Defense Organization (MEDO), a planning and training concept on which State and Defense have agreed. This revised concept, with a name that plays down the command idea, when finally worked out, may well prove to be considerably more acceptable to the Arab states of the area.

(16) As to (c), settlement of the Arab-Israeli conflict over Palestine, no progress has recently been made. In fact, before the US can make any substantial progress toward a settlement in the Middle East, several steps must be taken in this country. Besides stopping strong pro-Zionist statements by vice-presidential and cabinet members, a definite brake must be successfully applied to Israel's ability to put sufficient pressure through American Zionists on the US Government to obtain the funds it needs for current oper-

ations. No doubt some funds must be given but a *quid pro quo* should be obtained in connection with each such financial advance. In Israel's own self-interest we must insist that Israel take definite steps to put its financial house in order so that both of us can look eventually toward eliminating the necessity for further US aid. A first step in this direction was taken when, in return for recent financial assistance amounting to $24 million to meet pressing current debts, Israel agreed to a mission headed by Mr. Mikesell to study Israel's financial situation and especially to get more facts and figures on its current unfunded debt. We need to be more frank in insisting that further American financial assistance to Israel can only be given when the end result will be to put Israel in a better position to control its expenditures and hence to become economically stronger. This in turn will allow Israel to make certain financial concessions to the Arabs which should help Israel to attain peace with its Arab neighbors. Israel will of necessity remain a "remittance state" until she has attained peace with her neighbors, has reduced her military expenditures and has put herself in a position to develop more normal trade relations with nearby countries.

An initial step in this direction is now under consideration. It is the unfreezing in Israel of Arab refugee bank balances. The next step that would logically follow would be at least preliminary discussions over the compensation Israel will pay for property of Palestinian Arabs taken over by the new state. Some action along these lines becomes increasingly advisable in view of the results Israel has recently gained in obtaining compensation from the West German Government for the property of Jews who were killed or driven out of Germany.

(17) At the same time we must keep equally alert for chances to press Israel's Arab neighbors to a more realistic appreciation of the fact that Israel is there and is likely to remain there for some time. We must urge them to show a greater flexibility and a greater willingness to enter direct negotiations than they have shown to date.

No. 82

780.00/8-852

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

TOP SECRET [WASHINGTON,] August 8, 1952.

Subject: Meeting with the President

Participants: The President
Mr. Charles Murphy—White House
Mr. Henry Byroade—NEA

I called on the President at 11:15, Friday, August 8th, at his request, to discuss general problems in my area. Charlie Murphy was present during the discussion.

The President said he was eager to hear my views on the general Middle East situation. I expressed my appreciation for the opportunity to discuss certain of these problems with him which I felt might affect the security of the United States in the future. I listed the problems of most concern in the area which were the French problem in North Africa, the Egyptian situation, the Iranian situation, the question of Kashmir, the general range of Arab-Israeli problems, the Greek political and economic situation, and the question of possible defense organization for the area. I also referred to the current flare up between the Greeks and the Bulgars over the island in the Evros River.

As to the area in general, I stated that I knew the President was familiar with the general instability and fears throughout the area. I stated that fear of communism and Russia was not always first priority in the minds in some of the countries. I stated that some parts of the area reminded me too much of the China situation for comfort. [1] In many places there was little contact between the government and people and no feeling of confidence on their part in their governments. Some of them could not stay in power but for the support of their army. I stated in this situation the position of the Three Powers was not good. The French position in North Africa and in the area under their former mandates was not good. The British position, which I felt was far more serious, was in my opinion slowly deteriorating. I stated that the U.S. position, primarily but not entirely due to the Israeli problem, was not very good either.

I referred again to the British situation, saying that I thought there was a great chance, in view of their deteriorating political position in the area, coupled with their general economic and financial situation, that we would see a general withdrawal of the British from the Middle East. If this happened the United States would be faced with some very fundamental decisions as to what we could do to help fill the vacuum thus created and maintain and strengthen the U.S. position in the area.

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[1] In 1946, Colonel Byroade was assistant to Gen. George C. Marshall, Military Attaché in China and U.S. Member of the Executive Headquarters, at the time of the Marshall Mission to China.

The President agreed with this general analysis, indicating that he thought the United States would soon face just such a set of circumstances. He stated that he was not surprised I had not returned from my trip in an optimistic mood.

The President inquired about Kashmir, saying that he had just heard India had made some move on this problem. I told him the only recent development was the agreement of India and Pakistan to meet on a Ministerial level near the end of this month in Geneva. I told him I was not very hopeful that a solution would be found at that meeting. I stated that recently Pakistan had made what appeared to us to be a good offer but that Nehru had refused. The President stated he wished Nehru would take care of problems such as this . . . . He referred to a recent attempt by Nehru to have other states join in a neutrality block. I stated we wished now to await the outcome of the Geneva discussions before deciding what to do next. I stated there was some chance we might feel a meeting between the two Prime Ministers would be in order and that we might need his help in arranging such a meeting. The President said he would be glad to help.

I told the President the situation in Egypt looked a little better each day. It was too early to predict what future trends in Egypt would be but there was some indication that the group in power might be willing to separate the question of the King's title to the Sudan and the question of the Suez Base and the defense of the area. If this would occur the Egyptians were almost certain to make a request on the West for military equipment. The President stated that such a trend in Egypt would indeed be fortunate and would have a good effect on the rest of the area.

I told the President the situation in Iran was extremely serious and that there was a chance the country would be lost to the communists. I described the situation there in some detail, ending with my disappointment that the British had found themselves unable to act upon our last suggestion for over a week's time and that before we could get together on a joint plan Mosadeq had seen fit to make public an unfortunate note to the British. The President was quite critical of the British for this type of usual delay on urgent problems. He stated that if it proved impossible to get together with the British on Iran we would have to see what we could do unilaterally.

The President referred to his interest in further development of parts of the area, principally along the lines of agriculture. He referred specifically to the river valleys in Iraq and Egypt. I added that I thought there were also possibilities of development in Northern Syria and that this might be connected with finally unblocking the refugee resettlement problem. The President agreed that this was one of the most important things to unstick in the whole area and hoped we would be successful.

I then told the President I wished to discuss with him at some length the Israeli financial problem. [2] I told him of the request for emergency assistance that had been presented the first week I took office and of the fact that this request had been met. I stated that upon my return, Sharett was here asking for additional emergency assistance and described the line we had taken with Sharett. This was briefly to the effect that the time had come when the United States must insist upon being apprised of the full details of the Israeli financial situation and of the methods they propose to insure that frequent and unexpected crises did not continue to occur. The President stated that he had taken the same line with Sharett. I gave the President some of the main points contained in Mikesell's report and indicated that we had come to the conclusion along with Mikesell that certain conditions should be attached to any further United States assistance. I outlined briefly what these were and told the President of the status of the note which we hope the Israel Government will present to us to indicate their commitment to take the necessary measures. The President fully agreed with the method of handling the situation. I told the President that I felt the American Jewish community in general would agree with the action we were taking and that I knew a large proportion of these people felt that it was time for the United States to adopt a sterner attitude regarding our assistance to Israel. The President indicated he believed this to be the case and stated he had lost no opportunity of informing American Jewish representatives that this was going to be our attitude in the future. The President said he fully approved the line we were taking.

At the close of the meeting, the President again indicated his deep concern about Iran and pointed out on his globe the extreme significance of the loss of that country to the West.

As I was leaving, Murphy indicated to the President that I had a copy of Sparkman's letter to the President on the question of the release of the International Oil Cartel Report and that we had the matter under study. [3] Murphy also indicated to the President that we had been quite helpful in working with them on the Democratic Platform on questions affecting the Middle East. The President interrupted to say that he felt certain that we should release the oil report promptly, or at least a major portion of the Report. I indicated that the Report would undoubtedly be quite harmful in our area but that I understood he was faced with implications of a broader nature on the question of the release of the Report.

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[2] For documentation, see Documents 381 ff.

[3] For documentation on this topic, see Documents 242 ff.

No. 83

780.5/8-1552

The Deputy Under Secretary of State (Matthews) to the Secretary of Defense (Lovett) [1]

TOP SECRET [WASHINGTON,] August 15, 1952.

DEAR MR. SECRETARY: As you know, our military planning has always considered the British responsible for the defense of the Middle East, just as our political thinking has always allotted to the British primary responsibility for maintaining stability in the Near Eastern area.

However, I understand that current British plans envisage the defense only of a portion of Turkey and of the Mediterranean seacoast from Lebanon south. This of course would permit enemy occupation of the greater part of the Near East and of virtually all of its oil resources. [2]

The Department of State believes that the time has come when we should reasssess this situation to determine whether a forward defense of the Near East, designed to protect at least a portion of the oil and give greater protection to our strategic bases, could not be undertaken. It is fully recognized that neither troops nor equipment are presently available to the Western Powers to make such a defense possible, but we need not assume that this will be the case indefinitely. It is our thought that we should begin now to prepare for the time, which might come in 1956 or 1957, when other commitments may permit the furnishing of equipment in significant quantities to the Near East.

It is at least theoretically feasible to count on raising defense forces within the states of the Near East which, with adequate training and equipment, might themselves play the major role in their own defense. Such a development would of course require progress in our political relationship with those states, but would raise fewer problems than would a defense strategy which required the stationing of substantial numbers of Western troops in the area. From the political point of view, it would therefore be desirable to maximize the contribution of the Near East States to the defense of the area. Such a contribution would, of course, be possible only if we are able and willing to make available the necessary equipment and training assistance.

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[1] This letter was attached to a memorandum, dated Aug. 6, not printed, from Byroade to Matthews. According to the memorandum, the letter had been discussed in draft by John Ferguson with Rear Admiral H. Page Smith of the Office of the Secretary of Defense, who considered the request desirable and indicated that the letter was appropriate.

The memorandum stated that the study under reference in the letter was essential because "in spite of our long-standing concern with the problem of Middle East defense and the mounting evidence that it is beyond British capabilities to defend any substantial part of the area, there has been no US study of what would be required in terms of force and equipment to effect a forward defense of the Middle East." (780.5/8-1552)

[2] For documentation, see Documents 242 ff.

As a basis for future decisions, I think we need first of all an objective military estimate of what would be required for a forward defense of the area in terms of divisions, aircraft, naval supporting forces, etc., and an estimate of the cost of the equipment of these forces. Having such an estimate, we would then be in a position to decide whether the enterprise is within our forseeable means and those of our allies and to what extent the investment would be worthwhile relative to competing defense needs in other parts of the world. Without such an estimate, we cannot decide what policy objectives we should set for ourselves in the Near East.

I suggest, therefore, that you request the Joint Chiefs of Staff to undertake a preliminary study of the essential requirements, from the military point of view, for the forward defense of the Middle East, which for these purposes, I suggest, should be considered to include Turkey, Iran, Pakistan, the Arab States and Israel. [3]

Sincerely yours,

H. FREEMAN MATTHEWS

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[3] A reply from the Secretary of Defense, dated Oct. 28, not printed, informed the Department of State that the Joint Chiefs of Staff had conducted planning regarding military force requirements for defense of the Middle East and had tried to obtain British intentions for fulfilling their responsibilities in that area, but that the question was extremely complex. The Joint Chiefs of Staff were at that time making a further estimate of requirements as part of the development of a Joint Strategic Objectives Plan for 1956, and expected the plan to be completed early in 1953. The concluding paragraph of the letter reads: "The Joint Chiefs of Staff will continue to study and reassess this problem, and you will be informed at a later date as progress is made in current studies and reassessments." (780.5/10-2852)

Telegram Telac 41, Oct. 30, to the U.S. Mission to the United Nations, transmitted the text of the Defense letter to Secretary Acheson, who was at New York as the Chairman of the U.S. Delegation to the Seventh Regular Session of the General Assembly of the United Nations. (780.5/10-2852)

No. 84

PPS files, lot 64 D 563, "Near and Middle East"

Memorandum of Conversation, by the Politico-Military Adviser of the Bureau of Near Eastern, South Asian, and African Affairs (Daspit)

SECRET [WASHINGTON,] August 28, 1952.

Subject: MEDO

On August 26 representatives of the Department of State, the Department of Defense and the Joint Staff met at 3:45 to discuss certain points raised in the JCS memorandum [1] on the UK proposals for the establishment of MEDO (Secto 24, London June 27, 1952) [2] as a preliminary to the preparation of U.S. comments on the UK proposals for circulation to the several sponsoring powers. Present at the meeting were:

Maj. Gen. A. P. Fox, USA, JSSC
Maj. Gen. E. J. Rogers, Jr., USAF, JSSC
R. Adm. W. F. BOone, USN, JSSC
R. Adm. H. P. Smith, USN, OSD–OFMA
Capt. E. Grant, USN, OSD–OFMA
Cdr. R. K. Kaufman, USN, JSSC
Mr. J. D. Jernegan, State Department
Mr. J. H. Ferguson, State Department
Mr. A. B. Daspit, State Department
Mr. P. T. Hart, State Department
Mr. W. Stabler, State Department

Mr. Daspit opened the conversation by stating that the Department of State had studied the memorandum of the Joint Chiefs of Staff, which suggested that four elements should be included in any US position on the MEDO. The proposals made in paragraphs 3a and 3c [3] of the memorandum were obviously desirable but the

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[1] The Joint Chiefs of Staff memorandum of July 29 is not printed. (780.5/7–2952) It was enclosed in a letter dated Aug. 11 from the Deputy Secretary of Defense which informed the Department of State that Frank Nash, Assistant to the Secretary of Defense for International Security Affairs, was prepared to discuss the matter with any representatives the Department might designate. (780.5/8–1152)

[2] Document 79.

[3] Paragraph 3a of the July 29 memorandum stated that the Joint Chiefs of Staff believed it should be made clear that the planning function of the Middle East Defense Organization should not include plans "for the operations in war of forces which may be introduced into the area but which are not specifically allocated for the defense thereof."

Paragraph 3c suggested that paragraph 8 of Secto 24 was ambiguous on the source of military guidance for the planning group, as to whether it would come from the Military Representatives Committee or their respective governments. The Joint Chiefs of Staff believed the planning group should receive military guidance from the Military Representatives Committee.

Department of State was not altogether clear as to the other two points:

1. They were not certain as to what was meant by a "Middle East defense council" and the exact character of the Allied Planning Group as suggested in paragraph 3d of the Joint Chiefs' memorandum.[4]
2. They were not entirely clear as to whether the Joint Chiefs actually desired the setting up of a Steering Group of the UK, Turkey and one Arab State which they suggested as a negotiating position in paragraph 3b(3) of their memorandum.[5]

In addition, the State Department desired to know Defense's views on the French *Aide-Mémoire*[6] which proposed that MEDO should receive its direction and guidance through the NATO Standing Group in Washington and the method which should be used in dealing with this proposal.

In reply to the first point raised by the State Department, General Fox stated that he was not sure as to whether the proposal for an Allied Planning Group and a Middle East defense council was intended as an alternative to the MEDO proposal, to be adopted in the event the Arab States were unwilling to participate in MEDO, or as an outright substitute approach to the general problem of Middle East defense. There appeared to be agreement as between the representatives of State and Defense that the approach to the Arab States should be sufficiently flexible and informal to permit the adoption of various alternative courses in the further development of MEDO and that, depending on the nature of their reaction to the initial approach, an invitation to the Arab States to attend a "council" or "conference" to discuss problems of Middle East defense might be considered. There was no disagreement as to the desirability of the Western Powers making plans for the defense of the Middle East even though there should be no Arab participation in a MEDO. It was pointed out however that such planning might be accomplished in a number of different ways and the State Department representatives emphasized that it would be a mistake to advertise the creation of an exclusively Western Planning Group to study Middle East defense problems.

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[4] Paragraph 3d stated that the Joint Chiefs of Staff considered the importance of the Middle East to be such that planning should proceed regardless of whether the Arab States decided to participate in a Middle East Defense Organization at that time. It reads, in part, "They are of the opinion that such planning arrangements in the form of an Allied Planning Group might lead to the eventual participation of some or all of the Arab States in the broader politico-military MEDO envisaged. To this end, the Middle East states should, simultaneously with the establishment of an Allied Planning Group, be invited to join with the Western nations in the formation of a Middle East defense council to study the over-all problem of a cooperative defense for this area."

[5] Paragraph 3b(3) reads that the Joint Chiefs of Staff "propose that consideration be given to the establishment of a steering group consisting of one representative each from the United Kingdom, Turkey, and one of the Arab States."

[6] Not printed. (780.5/8-1652) For a discussion of the French position, see Document 87.

In reply to the second point raised by the State Department, General Fox stated that the JCS was fundamentally opposed to having the NATO Steering Group function for MEDO and to having any Steering Group in MEDO with more than three states represented. The particular suggestion for a Steering Group to be composed of the UK, Turkey and one Arab State was put forward as a suggested negotiating position, since the Joint Chiefs were convinced that the question of a Steering Group would undoubtedly arise in the course of the negotiations looking toward the establishment of the organization. He thought however that the Joint Chiefs agreed that it would be desirable, if possible, to avoid the establishment of a Steering Group of any sort during the initial planning stage of MEDO.

There was entire agreement as to the unacceptability of the proposal in the French *Aide-Mémoire* that the NATO Standing Group should also provide direction for MEDO, and the discussion centered on the problem of how best to persuade the French to drop their proposal. The State Department could of course inform the French through a diplomatic note that the US rejected the proposal but there was some doubt as to whether the French would accept this as the final word on the subject. Another way would be to hold a three power meeting (US, UK and France) at which the French could be told by a ranking US military officer that the proposal was completely unacceptable; in the view of the State Department this procedure was likely to have greater effect. However, there was danger that news of such a meeting would leak to the other sponsoring powers and to the Arab States, with adverse effects. On balance it seemed best to reject the proposal in a diplomatic note and to arrange, if possible, to clinch the matter by General Bradley stating the position to his colleagues on the Standing Group. The State Department might suggest to General Bradley the desirability of such action.

Mr. Daspit handed around an outline of points which he proposed should be made in drawing up the U.S. comments on the British memorandum. It was agreed that these points, modified to take account of the discussion of the Planning Group and the Middle East Defense Council, were appropriate for inclusion in the proposed comments.

No. 85

780.5/9-552

Paper Prepared by the Politico-Military Adviser of the Bureau of Near Eastern, South Asian, and Arican Affairs (Daspit) [1]

SECRET [WASHINGTON, undated.] [2]

UNITED STATES COMMENTS ON THE UNITED KINGDOM MEMORANDUM ON THE MIDDLE EAST DEFENSE ORGANIZATION

The Government of the United States has studied the proposals for the establishment of a Middle East Defense Organization set forth in the United Kingdom memorandum handed to the Department of State August 11, 1952 and desires to make the following comments.

1. Subject to the considerations set forth below, the United States Government is prepared to participate in a Middle East Defense Organization and considers the United Kingdom proposals a satisfactory basis for the establishment of such an organization. In agreeing to participate in an organization of the general character described in the United Kingdom memorandum, the United States Government would be prepared to designate a representative to the

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[1] This paper is a statement of the U.S. position on a British memorandum of Aug. 11 setting forth proposals for the establishment of a Middle East Defense Organization. The text of the British memorandum of Aug. 11, not printed, is the same as the text transmitted in telegram Secto 24, Document 79. Except that the last sentence of paragraph 6, "The chairmanship of the committee would rotate," had been deleted in the Aug. 11 text.

The source text was attached to a memorandum from Byroade to Matthews, dated Sept. 5, not printed. The memorandum informed Matthews that the paper reflected agreement reached with the Department of Defense, and an advance copy of the paper had been given to them on Sept. 4. Unless Defense registered an objection, the paper was to be handed to the British that afternoon. The source text bears the notation "O.K. H. F[reeman] M[atthews]." (780.5/9-552)

Telegram 1645 to London, Sept. 6, transmitted this paper to the Embassy in the United Kingdom. Telegram 1646 on the same day informed the Embassy that a Department of State officer made the following points when he handed the paper to a representative of the British Embassy: The United States "1. wld postpone circulation to other sponsors until middle next week in order give Brits time comment if they desired. 2. Re suggested procedure para 7, Dept thought that fol receipt comments of all sponsors on UK memo shld be possible prepare paper indicating general area agreement—a sort of lowest common denominator showing only essential outlines of proposed org. This paper wld not necessarily be shown Arabs but wld serve as briefing paper for reps who wld discuss MEDO with them. Such generalized position preferable for type tentative conversations Dept favors. Dept hoped that Brits wld undertake prepare such paper." (780.5/9-652) This paper was also transmitted on Sept. 16 in telegram 1555 to Paris, 372 to Ankara, 40 to Pretoria, 45 to Wellington, 50 to Canberra, 218 to Amman, 591 to Cairo, 167 to Damascus, 312 to Baghdad, 518 to Beirut, and 143 to Jidda. (780.5/9-1652)

[2] Delivered to a representative of the British Embassy on Sept. 6.

Military Representatives Committee, to assign officers to the Planning Group, and to supply some arms and training assistance to certain of the States of the Middle East area in furtherance of the objectives of the organization. During the initial phase of the organization with which the United Kingdom memorandum is concerned, the Government of the United States does not contemplate any further contributions beyond those listed above, and its agreement to participate in the proposed organization does not imply any commitment to supply forces to the area for its defense.

2. In the view of the United States Government, the building of an effective defense of the Middle East involves a political as well as a military problem. In the absence of the political cooperation of the Arab States, the solution of the purely military problem will be immeasurably more difficult. In a sense, therefore, the political problem is anterior and the United States Government considers that the proposals of the United Kingdom shcuId be judged in large measure by the effectiveness with which they may be expectd to contribute to its solution.

3. With the exceptions noted in paragraphs 4 and 5 below, the Government of the United States agrees to the United Kingdom proposals relating to the form and character of the organization. This Government would, however, be prepared to consider modifications in the structure of the organization which might increase its appeal to the Arab States.

4. Subparagraph 4(d) of the United Kingdom memorandum lists among the functions of the Middle East Defense Organization, "To make plans for the operations in war of all forces within, or to be introduced into, the area. . ." [3] In the opinion of the United States Government, this language should be so amended as to make it clear that this function does not include the drawing of plans for the operations in war of forces which may be introduced into the area but which are not specifically allocated for the defense of the area.

5. Paragraph 6 of the United Kingdom memorandum states that the Military Representatives Committee would be "responsible for the general direction of the Planning Group." Paragraph 8 of the memorandum, however, states that "members of the Military Representatives Committee and of the Planning Group would obtain direction and guidance from their respective governments." The Government of the United States considers that it should be clearly specified that the Planning Group would receive military guidance from the Military Representatives Committee, the members of

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[3] Ellipsis in the source text.

which would in turn receive guidance from their respective governments.

6. The Government of the United States is in complete agreement with the judgment expressed in paragraph 12 of the United Kingdom memorandum that it would be desirable to have the Arab States as participants in the organization during the initial stage of its existance. The Government of the United States does not, however, consider that the proposals in paragraphs 13 and 14 and in the concluding paragraph of the memorandum are the most effective means possible for accomplishing this end. In the judgment of the Government of the United States, it is essential that the Arabs should be made to feel they are being treated as equals, and that their opinions as to the form and character of the organization carry weight with the sponsoring powers. This Government considers it particularly important to avoid giving the Arab States the impression they are being presented with a *fait accompli*.

7. Taking account of these considerations, the Government of the United States is of the opinion that the Arab States should be consulted concerning MEDO at the earliest practicable time, and that the sponsoring powers should evince a willingness to meet any legitimate points they have to make with respect to the form and character of the proposed organization. In the opinion of this Government it should be possible to consult the Arab States as soon as the area of agreement among the sponsoring powers has been revealed by their initial statements of position on the United Kingdom proposals. This Government would not favor the convening of any meeting of the sponsoring powers to discuss MEDO prior to such consultation. [4]

8. It is the view of this Government that the approach to the Arab States should be informal and that the proposed organization should be described to them in general and tentative terms. No formal invitation of any sort should be extended to the Arab States but they should be given to understand that the plans for the orga-

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[4] Telegram 1909 to London, Sept. 16, not printed, informed the Embassy that the only change requested by the British was the deletion of the last sentence in paragraph 7. Since comments from the sponsoring powers indicated some divergence of views among them, the British considered an unofficial and informal meeting of the London representatives of the sponsors the best way to collate the comments. The Department of State disagreed on this point, but suggested amending paragraph 7 to read as follows: "Taking account these considerations, US Govt of opinion that Arab States shld be consulted concerning MEDO at earliest practicable time, and sponsoring powers shld evince willingness meet any legitimate points they have to make with respect to form and character proposed org. This govt assumes that the area of agreement revealed by the current exchange of views will be sufficient to permit prelim discussions with the Arab States. If this assumption is correct, this govt wld favor the prompt initiation of such prelim discussions prior to any mtg of the sponsoring powers." (780.5/9-1652)

nization contemplate their participation, that the structure as tentatively planned is not finally fixed, and that their comments and suggestions would be welcome. At no stage of these preliminary talks should the Arab States be required to take a firm position as to their willingness to participate. The procedures to be followed in these discussions would vary from one state to another. In some cases the approach might be made by the four original sponsoring powers acting in concert; in others, one power might take the initiative, with the other powers taking supporting roles.

9. It is the view of this Government that a decision as to the further steps to be taken in the establishment of the Middle East Defense Organization should be postponed until it becomes possible to assess the reaction of the Arab States to these approaches. The Government of the United States is convinced that plans for the defense of the Near East must proceed regardless of the attitude of the Arab States. This attitude, however, may affect both the form of the planning arrangements and the procedure whereby these arrangements are put into effect. The Government of the United States suggests that the Governments of the several sponsoring powers should exchange views as to further steps to be taken as soon as reports on the consultations with the Arab States are in hand.

No. 86

780.5/9-1952

Memorandum by the Special Assistant to the Secretary of State for Mutual Security Affairs (Martin) [1]

SECRET [WASHINGTON,] September 19, 1952.

Subject: Mr. Ohly's Memorandum of September 15—MEDO and United States Armed Policy in the Middle East [2]

In the Department's telegram to London dated September 6, 1952, number 1645, [3] the statement "supply some arms and training assistance" to certain of the Middle East states in furtherance of the MEDO objectives was based directly on an official statement of position prepared with the approval of the Secretary of State and the Secretary of Defense as a briefing document for the Presi-

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[1] This memorandum was addressed to Frank Nash and John H. Ohly.

[2] Not printed.

[3] The telegram under reference transmitted the undated paper prepared by Daspit, *supra*.

BEST COPY AVAILABLE

dent in his discussions with Mr. Churchill earlier this year. [4] This statement included the following passage: "U.S. participation will be limited to participation in the integrated command staff and to the provision of some military aid".

In stating the U.S. position on the UK proposals for MEDO, the Department of State and the Department of Defense felt it necessary to make it clear that U.S. participation in the proposed organization did not imply a commitment to provide forces to the Middle East for its defense. This negative statement, unbalanced by any positive indication of the contribution the U.S. is prepared to make, would have had most unfortunate effects. The Department of State feels that if launched under the proper auspices, the MEDO may make an important contribution to the furtherance of the Western interests in the Middle East, but that without strong evidence of U.S. interest in the organization, the prospects of accomplishments of any significance are poor. In view of our inability to provide forces for the organization, the most important contribution we can make will be in the form of military aid. Although the language of the telegram quoted above might be construed as describing nothing more than the reimbursable aid program now under way, we felt that to have stated merely that the U.S. is prepared to sell some arms to the Middle East would hardly have accomplished the described purpose. The language used was in fact intended to suggest the possibility of grant military aid, which we believe was also the intent of the position paper prepared for the President.

The eventuality of the U.S. providing such grant military aid to the Near East has, of course, been foreseen in Mutual Security Legislation of the past two years, which has authorized the President, under certain conditions, to transfer up to 10% of the appropriations for military aid to Greece, Turkey and Iran to other Near East States.

As you are aware, the Department of State and the Department of Defense have been of the opinion that the time has not been propitious for the exercise of this authority. However, the Department of State has become increasingly convinced that more positive actions on the part of the United States are required in the Middle East. This requirement is acknowledged in NSC 129/1, [5] which states that the "US should be prepared to play a larger role in safeguarding Western interests in the area . . . by providing appropriate economic, technical and military assistance".[6] The study of the allocation of U.S. resources now under way should give clearer indication of the amounts of assistance the U.S. can provide for the Near East area in implementation of this policy. In addition, the Department of State is now preparing for NSC consideration a further development of the position stated in 129/1. Moreover, as you know, the Department of State has requested the Department of Defense to undertake a study of the problems involved in a forward defense of the area with particular reference to the forces, equipment and facilities required. The results of this study, we understand, may be available by the end of the month.

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[4] The document referred to is the Negotiating Paper Prepared in the Department of State, TCT D-4/2d, Document 55. The section of the paper under reference here reads: "Our participation does not involve the commitment of troops. United States participation will be limited to participation in the integrated command staff and to the provision of some military aid."

[5] Document 71.

We feel that the studies listed above may provide a solid basis for the work of developing military aid programs for some of the Middle East States and possibly for an Executive Branch request for additional legislative authority. In the meantime, as was agreed with you in our meeting of September 15, representatives of the Department of State are exploring with officers of the Department of Defense the preliminary steps which can now be undertaken in planning for such programs and what can now be done to provide against the eventuality that the several studies mentioned above will indicate the desirability of including additional provision for the Near East States in Mutual Security Legislation for 1954.

We will, of course, keep you currently informed of developments in this matter and will furnish you with additional data as these become available.

EDWIN M. MARTIN

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[6] Ellipsis in the source text.

No. 87

Editorial Note

The French Ambassador came to the Department of State on July 24 to inform Byroade that the French felt strongly that the Middle East Defense Organization must have a formalized type of central direction which should come from the members of the North Atlantic Treaty Organization Standing Group. Byroade answered that the Arabs would probably have much less interest in the organization if it appeared that the United States, United Kingdom, and France were retaining sole direction. (Memorandum of conversation, July 24; 780.5/7-2452) On August 1, the Counselor of the French Embassy called at the Department of State to inform the Department that the French position on the central direction of the MEDO seemed firm and unlikely to be altered under any conditions. (Memorandum of conversation, August 1; 780.5/8-152)

On August 15, an officer of the French Embassy handed the Department of State a copy of an *aide-mémoire* presented by the French to the British Government in answer to the British Middle East Defense Organization proposal of August 11, which was the same as the text transmitted in telegram Secto 24, Document 79. (780.5/6-1652) The French *aide-mémoire* was discussed at a joint meeting of representatives of the Departments of State and Defense and the Joint Chiefs of Staff on August 26, at which the Department of State was informed that the Joint Chiefs of Staff were fundamentally opposed to having the NATO Steering Group function for the MEDO. (For the minutes of this meeting, see the memorandum of conversation by Daspit, Document 84.)

No. 88

780.5/9-2252

The Secretary of State to the Secretary of Defense (Lovett)

SECRET [WASHINGTON,] September 22, 1952.

MY DEAR MR. SECRETARY: Attached is a memorandum [1] setting forth proposed United States comments on certain proposals concerning the Middle East Defense Organization put forward by the French Government in a memorandum handed to the Department of State August 15, 1952 (copy attached). [2] A copy of this memorandum was transmitted informally to the Department of Defense at the time of its receipt. [3]

The French memorandum is addressed principally to the question of the higher military direction of MEDO and emphasizes the importance the French attach to making the NATO Standing Group responsible for the guidance and direction of MEDO. In view of the interest of the Department of Defense in this matter, I would appreciate your advising me as to whether you consider the proposed memorandum to the French an appropriate expression of United States views.

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[1] Not printed. For substantially the same text, see telegram 2155 to Paris, Document 94.

[2] Not attached to source text. See the editorial note, *supra*, and the memorandum of conversation by Daspit, Document 84.

[3] For the Department of Defense response, see footnote 2, Document 94.

Sincerely yours,

For the Secretary of State:
HENRY A. BYROADE
Assistant Secretary

No. 89

Editorial Note

The First Secretary of the Italian Embassy called at the Department of State on August 6 and 7 to discuss the plans for a Middle East Command or Defense Organization, and express the concern of the Italian Government that it had not been invited to participate. The Italians were concerned because the original Four Powers who had issued the November 1951 Declaration had invited South Africa, New Zealand, and Australia, but not Italy, to study the subject of Middle East defense. (Memorandum of conversation by Collins, August 11; 780.5/8-1152) A memorandum by Adair to Parsons, dated August 8, stated that while no wording in public announcements on the Middle East Defense Organization precluded Italian membership, lack of direct Italian interests in the Middle East meant that Italy had never been considered a possible participant in the Organization. The memorandum suggested that Italian inclinations to join the Organization should be discouraged. EUR officers attempted to do this on the occasion of calls at the Department by the First Secretary of the Italian Embassy on August 14 and September 22.

A Department of State position on this matter was formulated at the working level in a meeting on September 23 between officers of the Office of Western European Afairs (V. Lancing Collins and Stanley B. Wolff) and incorporated into an informal "Memo to Files" by Wolff on September 23. (780.5/9-2352) It stated that the Italians would be kept informed of future developments concerning the Organization that might be of interest to them. It added that the Political-Military Adviser of the Bureau of Near Eastern, South Asian, and African Affairs was strongly opposed to Italian participation in the Organization at that time, but would not oppose additional Western members, including Italy, once the Arab States had joined.

Documentation is in Department of State file 780.5.

No. 90

780.5/10-152

Memorandum of Conversation, by the Special Assistant to the Deputy Under Secretary of State (Nolting) [1]

TOP SECRET [WASHINGTON,] October 1, 1952.

Subject: French Position regarding MEDO.

Participants: General Omar Bradley, Chairman, Joint Chiefs of Staff
Mr. Nitze—S/P
Mr. Nolting—G

Mr. Nitze and I went to see General Bradley in order to enlist his support in dissuading the French from their insistence on holding a US-UK-French meeting to discuss the French proposal that the NATO Standing Group should serve also as the High Military Authority of MEDO. Mr. Nitze pointed out that the French had previously presented us with an *Aide-Mémoire* urging the Three-Power meeting and we had prepared a reply, opposing the suggestion, which had been forwarded to Defense for concurrence. [2] The British had discussed the matter with the French and we were in receipt of a telegram from London in which the British suggested that such a Three-Power meeting was necessary before the French would proceed to comment on the British proposals for MEDO. [3]

General Bradley agreed that it is unnecessary and undesirable to hold a Three-Power meeting on this subject. He said that the French should be dissuaded from their position that the NATO Standing Group should be expanded into a Three-Power "Combined Chiefs of Staff".

In discussing tactics, Mr. Nitze reverted to a suggestion previously made that Air Marshal Elliot should designate an officer on his staff who would consult with the staff of the JCS on non-NATO matters, especially Middle East defense matters. Mr. Nitze suggested that if we did this, the British would feel that they have a better "in" with us in world planning, and as a result would be less inclined to support the French in the matter concerning MEDO. General Bradley said that Elliot has recently been pressing him on this; that he had taken it up with the Chiefs, who took a dim view of it; and that he was unwilling to go along with Elliot's suggestion, inasmuch as he could see no practical result from staff conversations at the level proposed. As an alternative, he suggested that he might have more frequent conversations with Air Marshal Elliot (he said that he already had discussions with him quite frequently on global matters), and that if Elliot wished he would be willing to make the meetings more formal, with an agenda, etc. He made it clear, however, that these would be discussion meetings for the purpose of exchanging views, rather than meetings for the purpose of making decisions. We agreed that an answer to Elliot along the lines suggested by General Bradley would fit nicely into our tactic of preventing British support for the French position re MEDO. It was left somewhat vague, however, as to whether General Bradley would in fact make such a proposal to Air Marshal Elliot.

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[1] A copy of this memorandum was forwarded to the Secretary of State.

[2] See the letter from the Secretary of State to the Secretary of Defense, Document 88.

[3] Presumably, this reference is to telegram 1791 from London, Sept. 26, not printed. The Embassy reported the British Foreign Office had expressed a strong hope that the Department of State could arrange for an informal tripartite discussion of the French *Aide-Mémoire* of Aug. 15 by the military representatives of the three powers in Washington. (780.5/9-2650)

General Bradley did agree to speak both to Elliot and to General Ely in an effort to dissuade them from insisting upon a Three-Power meeting concerning MEDO, using the arguments listed in our draft *Aide-Mémoire* to the French, a copy of which I left with him.

General Bradley then raised the question of Iran, and stated that he and the Chiefs were greatly worried by the deteriorating situation there. Mr. Nitze brought him up-to-date on our thinking and actions, and told him of our recommendation to the President which would have the effect of breaking away from the joint UK-US communications to Mosadeq. General Bradley said he agreed with this, and said that he felt it preferable for us not to be "in the same boat" with the British on this matter, even if we ourselves have little hope of finding a formula which will prevent further deterioration in Iran. In a full discussion of this matter, Mr. Nitze emphasized the serious nature of any decision which would break the solidarity of the British and ourselves in our approach to the Iranian problem. He said that it might well have its effect in UK-US cooperation in other areas; that we had very carefully considered this danger but had reached the conclusion that we must attempt, by using our own best judgment, to prevent the eventual fall of Iran into the Communist orbit. General Bradley expressed agreement with this view.

. . . .

In discussing in general terms the strategic problem in the Middle East, General Bradley said that the JCS think in terms of an "inner circle", which would include the Suez bases and the surrounding areas necessary for their defense, and an "outer circle" which would include Iran. With the accession of Turkey to NATO, and the long range possibilities of MEDO, the "outer circle" concept became more feasible militarily, provided Iran does not go Communist. He considered that the Turkish army, plus US and UK air power working on the flank of any invading force approaching the Middle East through Iran, could greatly impede, if not prevent, the conquest of the Middle East. If, however, the flank of an invading force were made less vulnerable by an Iran allied with Russia, the defense task would become immeasurably more difficult.

General Bradley raised the subject of the pending anti-trust suits against certain American oil companies,[4] and expressed the strong view that these suits were gravely jeopardizing our supply of strategic oil. He said that it was his impression that not only in the Middle East, but also in other countries where American oil interests operate, it was likely that the countries would adopt the attitude that they would not do business with companies which were under indictment by their own government. I did not gather that he had any specific or immediate cause for alarm in this respect, but that he was predicting a trend which would in his view undoubtedly arise from these suits. We reviewed what we had done in this matter, and what our attitude had been from the first, but no conclusions were reached as to how to ameliorate the ill effects in foreign and defense policy of this anti-trust action.

FREDERICK E. NOLTING, JR.

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[4] For documentation, see Documents 242 ff.

No. 91

Editorial Note

The Greek Ambassador called at the Department of State on August 11 to tell the Under Secretary of State that the Greek Government was very interested in becoming a member of the Middle East Planning Group. He was told there seemed to be many complex problems incident to Greek participation which should first be resolved, but that the Department would give him a reply as soon as possible. (Memorandum of conversation by Dixon, August 11; 780.5/8–1152) The Greek Ambassador called again on August 18 to restate the official interest of the Greek Government in participation in the planning of a Middle East Defense Organization. He stated that Greece was not prepared at that time to contribute any forces to the proposed Organization, but could help with advice and " 'with our islands—Cyprus and the Dodecanese.' " The Government of Greece had not presented its views to any other sponsoring power except the United States, and it was agreed the Department of State position would be formulated and discussed with the Ambassador before any further steps were taken by either government. (Memorandum of conversation by Baxter, August 18; 780.5/8–1852)

Telegram 348 to Ankara, September 12, repeated to Athens, Paris, and Rome, informed those Embassies the Department of State had not yet formulated its views on the Greek request, but thought the Greeks should be discouraged on the basis that Greece had heavy responsibilities in connection with the North Atlantic Treaty Organization, and Greek interests in the Middle East could be safeguarded by the contemplated close liaison between MEDO and NATO. On September 19, the Greek Ambassador again called at the Department of State to bring officially to the Department's attention the fact that Greece had made a formal request to each of the sponsoring powers for inclusion in the Organization. Documentation is in Department of State file 780.5.

No. 92

780.5/10–652: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, October 6, 1952—2:03 p. m.

2434. Dept has recd Grk *aide-mémoire* thru Am Emb Athens [2] similar those delivered other sponsoring powers requesting Grk participation seven-power discussions re org ME defense. Grk Amb in discussing question with Dept made clear that Grks wish become MEDO sponsor.

Dept recognizes that (1) Greece not located in ME and thus unable supply bases or facilities for ME defense, (2) Greece cannot be expected make significant contribution of troops or equipment to ME defense. Grk Amb has stated to Dept Greece has important influence with Arab States, which if true wld be possible compensating factor but little evidence this in fact case. On above basis Dept does not consider Greece shld become member MEDO. If, in spite these considerations, Greece admitted MEDO, wld be difficult exclude certain other states peripheral to ME with similar or even slighter justification for membership. Moreover because of possible important role of Cyprus in MEDO, Grk admission might create difficulties this connection.

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[1] Also sent to Paris, Ankara, Wellington, Canberra, and Pretoria, and repeated for information to Athens and to Rome for Unger. Drafted by Dixon and Daspit, and cleared by NEA, GTI, NE, SOA, BNA, WE, RA, and S/S–CR.

[2] The Greek *aide-mémoire* was transmitted as an enclosure to despatch 284 from Athens, Sept. 12. (780.5/9–1252)

If Grk participation limited to discussions looking toward estab of org, as note may be interpreted, suggest such participation wld merely inject further complication in difficult task of developing concerted viewpoint without accomplishing any useful purpose.

On other hand because of geographical position Greece has certain interest in development org and plans for area defense which Dept believes justifies effort keep Grks informed MEDO developments.

On basis foregoing and subj views other sponsors Dept proposes reply Grks along fol line: Sponsoring powers appreciate that Greece has an interest in ME defense. Prelim exchange of views among MEDO sponsors nearing completion, at which time sponsors plan inform Grks generally of position reached and will welcome any comments they may care to make. MEDO when established is expected to include states geographically within ME and certain other states which will contribute forces, facilities or mil equipment to ME defense. Although on this basis it does not appear that Greece shld form part of org, Greece's geographical position and gen interest in problem of ME defense such as to warrant keeping Greece currently informed MEDO developments. Normally this will be accomplished through NATO channels, but direct dipl channels will be used when it seems desirable supply supplementary info or where problems of special interest to Greece are involved.

Addressees requested discuss this matter with Fon Off of Govt to which accredited. If proposed reply to Grks generally acceptable, Dept suggests desirability all sponsoring powers replying along similar lines. [3]

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[3] Telegrams from the Embassies indicated that all other sponsors of MEDO except France replied they agreed with the position of the United States and would so inform the Greek Government. Documentation is in Department of State file 780.5. (Telegrams 2060 from London, Oct. 8; 92 from Pretoria, Oct. 8; 133 from Canberra, Oct. 9; 103 from Wellington, Oct. 10; and 496 from Ankara, Oct. 16) A memorandum of conversation by Daspit, dated Sept. 25, not printed, reported a conversation with the Counselor of the French Embassy on that date in which he informed Daspit that the French Government was inclined to feel that the inclusion of Greece in the Organization would have certain political advantages. (780.5/9-2552)

Telegram 6254 to London, repeated as 2891 to Athens, Mar. 19, 1953, not printed, informed the Embassies that the Department of State had never formally transmitted an answer to the Greek request to join MEDO. It added, however, that the Department had "informally indicated on several occasions that discussion of Greek association with MEDO premature and have no objection Fon Off volunteering this observation to Greeks at present time." (780.5/3-1853) In July 1953, Byroade informed the Greek Ambassador there was little likelihood that the MEDO would be set up. The United States had not given up the concept of an organization for

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In course discussion Fon Off addressees requested canvass desirability of informing certain other countries with interest in ME defense of MEDO developments. Dept has in mind Italy, Pakistan and India. Italy, like Greece, will receive info thru NATO channels, but in Depts view might reasonably be accorded any additional courtesy extended Greece. Pakistan and India will have no NATO source info.

Dept assumes they will normally be kept informed through Commonwealth channels but that other sponsors also wld be free if they shld desire to communicate with them re MEDO.

Paris pass MacArthur for info only.

ACHESON

Middle Eastern defense, but if it eventually materialized it would have a name and form different from that originally contemplated for MEDO. (Memorandum of conversation, July 17, 1953; 780.00/7-1753)

No. 93

State-JCS Meetings, lot 61 D 417

Department of State Minutes of State–Joint Chiefs of Staff Meeting [1]

TOP SECRET

[WASHINGTON,] October 8, 1952. [2]

PRESENT

General Bradley
General Vandenberg
Admiral Fechteler
General Collins
General Lemnitzer
Admiral Wooldridge
General Hull
General Lee
Admiral Fife
General Cabell
Colonel Carns
Mr. Nash

Mr. Matthews
Mr. Byroade
Mr. Nitze
Mr. Stabler
Mr. Stelle

Mr. Matthews: I have been on leave for several weeks and am not familiar with the details of the aspects of the MEDO problem scheduled for discussion.

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[1] A notation on the first page reads: "Draft. Not cleared with any of participants."

[2] The meeting was held at 11 a.m. in the Pentagon.

General Bradley: Should we begin by discussing the MEDO question? Perhaps Paul Nitze could lay out the situation.

Mr. Nitze: Last week we came over and talked with General Bradley. We were concerned that in a situation in which there may be some possibility of making progress with the Egyptians, we should be ready and able to move forward with MEDO if an opportunity should occur. At present the block to progress on MEDO is the French refusal to circulate their comments on the paper which the UK has produced. [3] The French say that they want first to have a three-power meeting, the chief subject of which would be discussing the role of the standing group in MEDO coordination. The French want the standing group to also take on the running of MEDO. We have thought that it would not be helpful to have a three-power meeting. We do, however, need to reply to the French *aide mémoire.* [4] We thought that possibly General Bradley might be able to help by discussing the question with General Ely and this might possibly soften up the French position. We also were concerned that we should do what we could to avoid the British and the French ganging up on us on this question, and we thought that possibly one thing that might influence this was to get the British to feel happier about their relationsip with us. During the Slessor talks,[5] the British made a suggestion that there might be a more formal setup for guiding the ground strategy of the cold war. I suggested to General Bradley that it might make the British feel better and thus help to avoid a British-French joint position on the standing group question if Elliot's staff had some special man on it who could talk with the JCS on matters other than NATO, and particularly perhaps Middle Eastern questions.

General Bradley: I haven't talked with Ely yet and also I haven't discussed this general question with the Chiefs. I do have one worry about talking with Ely. Ely stands very well with the French Government and also he is very useful to us. His general attitude has been cooperative and I can't think of anybody that it would be easier for us to work with. You might say that this would be a good reason for talking with him about the question of the three-power conference but on the other hand if he should be persuaded by our views, wouldn't there be the possibility that he might hurt his own position with the French Government if he argued for the US case.

Mr. Matthews: He wouldn't have to agree with our views or argue our case with his government. You could just tell him what your thinking was and he could pass it along just as a matter of information.

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[3] The British paper under reference here is the one transmitted in telegram Secto 24, Document 79.

[4] See Document 87.

[5] Regarding the talks held when Air Marshal Lord Slessor was in the United States in January 1951, see *Foreign Relations,* 1951, vol. IV, pp. 914 ff.

[Here follows discussion dealing with a press conference Secretary Acheson was having that day.]

General Collins: On the MEDO question, have we had any further ideas as to how planning for MEDO can be tied in with planning for NATO?

General Bradley: Our thought all along has been that we have been opposed to setting up a standing group in peace time primarily because of its effect on the other obligations we have which are not European. We have this ANZUS thing and we have our Inter-American Alliance and we would have real difficulties if we had a peacetime standing group with the British and the French. There might be overriding political considerations which would make it necessary to have a standing group in peace time, but from the military point of view we don't like it. However, even if we did set up a standing group for MEDO, we think it would be bad to have it composed of the UK, France, and ourselves with the exclusion of the Turks and the Arabs. They would get the idea the three powers were making all the arrangements and that they had no say on what was going to happen. Another possibility is that we might set up a small group here in Washington to discuss Middle Eastern and Far Eastern questions with the British and the French. That presents the difficulty that is a step in the direction of the combined Chiefs of Staff, which we take a very dim view of. . . .

Mr. Matthews: The French objective is fairly clear. They are obviously trying to work toward the establishment of a world-wide combined Chiefs of Staff on which they would have membership. And this, we agree, would not be helpful.

Mr. Stabler: The difficulty is that as of now we are stymied. Our plan was to coordinate our views with the French and the Turks and the British as to what we should discuss with the Arabs when we issue the invitation to them. The French by refusing to comment on the UK paper are making it impossible for us to present the Arabs coordinated views. We thought it would be most helpful if we could get an expression from the military point of view that a 3-power conference to discuss the relationship of the standing group with MEDO would not be useful.

General Collins: Should we tell the French that we are going to go ahead with discussions with the Arabs anyway?

Mr. Byroade: The difficulty is the French are holding out for this 3-power meeting. The first thing to do is to tell the French that there is not going to be any such meeting.

General Vandenberg: Why can't we just tell them that we are going to make the approach to the Arabs anyway and we hope they will see fit to make such comments as they have on the UK plan before we actually make the approach, but that we are going to go ahead anyway.

General Collins: It is not clear to me how much we are in accord with the British and the Turks in what we want to say to the Arabs.

General Bradley: There are some points of difference between the UK and ourselves. . . . In general, however, I think we are, on practically all important points, fairly close to the British.

Mr. Stabler: The Turks, by and large, go along with our position.

Mr. Nitze: The real problem is whether we are ready to say that we will approach the Arabs without having secured French comments.

Mr. Byroade: I think there is a real question as to whether the British would go along with us in talking to the Arabs without having first secured French agreement.

Mr. Nitze: I agree that there is a real question. Basically we have two alternatives. We can have the 3-power meeting or we can propose to proceed without the French in getting MEDO started. In making the decision we should take into consideration the tactics which the USSR now seems to be employing. They seem to be preparing a major effort to isolate the US from its Allies, while at the same time they continue the kind of direct pressure on the US that may be indicated by recent offensives in Korea—the buzzing of 47's in the corridor and the attack of B–29's over Hokaido. We are already in difficulties with the British over Egypt and Iran and we are also in difficulties with the French over the Tunisian question in the UN. I think we have to think very carefully about how we are going to conduct ourselves in leading our coalition so that there will not be danger that the Russians will succeed in isolating us from our Allies.

General Bradley: This is why I said that there might be overriding political reasons for having a standing group in peace time.

Mr. Matthews: I don't think that we feel that that is called for as yet.

Mr. Nitze: We do, however, have to give real thought to the question of how we can conduct ourselves so that our Allies will feel that they are really part of an alliance and not feel that they are kept on the outside in matters which concern them very directly.

Mr. Byroade: It seems to me that what we need is an expression by our military that from the military point of view there is no reason to have the 3-power meeting to discuss the role of the standing group.

General Bradley: I can tell Ely informally what my views are without asking him either to agree to them or to pass them on to his government. He obviously would report our views to his government anyway. But this leaves the question of what approach we should take towards the British. I have thought that what I might tell Elliot is that he is perfectly free to talk informally with me at any time on anything which is of concern to him or the British. And I could also tell him that he should feel perfectly free to talk with any of the Chiefs on the same basis.

General Collins: How about having Elliot's staff talk with staff officers over here.

General Bradley: That actually was Nitze's suggestion and an arrangement which we were trying to avoid.

Mr. Matthews: Oliver Franks[6] says that in the political field his officers can go around and talk to people at lower levels in the State Department and find out, without any commitments on either side, what the general thinking of our people is on various questions. On the military side, however, he says there isn't any such possibility of informal discussions at anything other than the very highest level.

General Vandenberg: It seems to me that we would get into a lot of trouble if the British start talking with subordinate officers over here. They are apt to take the views of the subordinates as being the official position of the US Government.

Mr. Nitze: Admittedly, there are some dangers just as there are when our subordinate officers talk with representatives of foreign countries. But when you are running a coalition you do have to pay attention to your Allies. It seems to me that our position of strength and our leadership of the coalition is firm enough so that in general the benefits which we would gain from discussing matters more fully and openly with our Allies would outweigh the dangers which such discussions might raise.

General Collins: I don't really see how we can expect to get anywhere without having talks between our staffs at the staff level. We need the information as to what the British position and the British thinking is apt to be, and they need the same thing from us. I think someone on Elliot's staff could talk usefully and informally, say, to General Eddleman for the Army and the equivalent officers in Navy and Air. I don't think, though, that we should go below our Operations Deputies.

General Vandenberg: If that is the case, I don't see why we might not just as well set up a regular combined Chiefs of Staff. The arguments that we have always had against that were just that we wanted to avoid the kind of staff talks which it seems to me you are really talking about.

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[6] British Ambassador in the United States.

General Collins: I would be against setting up a formal combined staff. The Russians could make such good propaganda out of that by saying that we were fully engaged in planning for war and it probably would worry our other Allies.

General Bradley: Could we leave it this way. Why don't I say to Elliott that he is free to come and talk to me at any time, that he is free to come and talk with any one of the Chiefs at any time and that if he has a special officer on non-NATO matters, that officer would be free to talk to the operations officer of anyone of the three services.

Admiral Fechteler: I have no objection, but I don't know what real use it would be.

Mr. Matthews: It might at least educate the British to realize that we really don't keep things from them.

[Here follows discussion dealing with Iran.]

No. 94

780.5/10-1552: Telegram

The Acting Secretary of State to the Embassy in France [1]

SECRET
PRIORITY

WASHINGTON, October 15, 1952—11:30 a. m.

2155. Fol is abbreviated text Note delivered Fr Emb Oct 14 commenting on Fr *aide-mémoire* to UK dated Aug 15. [2]

"The Secretary presents his compliments His Excellency Amb Fr and refers to his Note No. 461 Aug 15 transmitting text *aide-mémoire* of Fr Govt to Brit Emb in Paris in reply UK memo Aug 7 with respect proposals estab MEDO.

USG studied with care *aide-mémoire* of Fr Govt on UK proposals. Although *aide-mémoire* presented Dept for info, it concluded with suggestion certain pts shld be made subj exchange of views through dipl channels among USG, Fr and UK. Subsequently, Fr FonOff proposed to US Emb in Paris these pts shld be considered at mtg in Lon of reps three Govts.[3]

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[1] Also sent to London priority as 2666.

[2] This text is substantially the same as the draft transmitted to the Department of Defense under cover of the Secretary of State's letter (signed by Byroade) of Sept. 22, Document 88.

The Department of Defense response was made in a letter of Oct. 13 from Deputy Under Secretary of Defense Foster to the Secretary of State, under which was transmitted a Joint Chiefs of Staff memorandum of Oct. 6, neither printed. (780.5/10-1352)

Two substantive revisions were recommended by the Joint Chiefs in their Oct. 6 memorandum, which were concurred in by the Deputy Under Secretary of Defense in his letter of Oct. 13 with the request that the JCS views be incorporated into the reply to the French *aide-mémoire*. These revisions are noted in footnotes below.

USG wishes explain to Fr Govt reasons why it does not favor three-power mtg subj MEDO and considers it might be appropriate same time to indicate its position several important pts developed in *aide-mémoire* Aug 15.

This Govt appreciates considerations which have moved Fr Govt propose that pts involving NATO Standing Grp and NE Arms Coord Comite shld be discussed initially on three-power basis. Difficulty holding such mtg in secret has, however, been demonstrated by experience. In opinion this Govt, reactions other sponsoring powers and Arab States as well, in event they learned such a mtg had occurred, wld be extremely adverse. It wld probably be felt three powers were assuming right determine important issues gen concern in advance consultation other interested states. USG considers it wld be unwise to take steps which wld thus risk impairing principles coop and equality membership on which it is agreed proposed org shld be based.

The USG shares conviction Fr Govt that close liaison must be maintained between proposed MEDO and NATO. This Govt, however, does not consider such liaison shld be effected by means of identical Standing Grp functioning in both orgs. It is true this solution was proposed in Standing Grp study 'Command in the Mediterranean and ME' (S.G. 80/4)[4] but as Fr Govt is aware, this paper was presented merely as preliminary study. Moreover, necessity for modifying proposals put forward therein was recognized in North Atlantic Milit Comite Nov 20, 1951, (M.C. 38).[5]

As Fr Govt aware, some of member Govts NATO wld be most reluctant agree at present time formal association NATO with MEDO through device common Standing Grp. This arrangement, which wld tend emphasize Western character MEDO, wld also obviously have undesirable effects Arab States, whose participation org it must be prime object policy to effect. Moreover, in view this Govt, it wld be unwise estab in MEDO Steering Grp from which Turkey excluded. Obvious Turkey's contribution ME defense will be greatest importance and this Govt feels strongly no action shld be taken which might diminish willingness Turk Govt to make this contribution full and effective.

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[3] Telegram 1394 from Paris, Sept. 4, not printed. (780.5/9–452)

[4] For text, see *Foreign Relations*, 1951, vol. III, Part 1, p. 573.

[5] Not found in Department of State files. Entitled "Progress on Command Arrangements for Mediterranean and Middle East," this paper was considered at the Eighth Session of the North Atlantic Council, which met in Rome, Nov. 24–28, 1951. For documentation, see *ibid.*, pp. 693 ff.

Coord of work and plans MEDO with those of NATO, concerning necessity which USG in full agreement with Fr Govt, cld, in view this Govt be effectively served by estab for MEDO some form *ad hoc* arrangement on milit level,[6] outside formal org, whereby views US, Fr, UK and Turkey might be coord on continuing basis prior being brought to bear on operations Planning Grp.

It is view this Govt such *ad hoc* arrangement cld satisfactorily provide coord of work MEDO with that of NATO, and such continuing milit guidance as MEDO Planning Grp may require during initial phase MEDO with which Brit memo concerned. In fact, this Govt believes there wld be particular merit in such arrangement, which wld make possible organic growth MEDO in response demands of developing experience. As org develops and moves closer to stage where it is ready to assume actual Command responsibilities, modifications in structure, including estab some formal Steering Grp, will no doubt be required. It will probably also be necessary to provide some more formal means for maintaining liaison with NATO. It is view this Govt that it will be possible more clearly judge form such arrangements should assume when time arrives and meantime liaison with NATO and guidance to MEDO Planning Grp shld be provided on informal basis suggested.

USG has also given careful consideration question source of direction and guidance to proposed Planning Grp and agrees with view of Govt Fr that it wld be logical and desirable for Planning Grp to work under authority and supervision Milit Reps Comite. It is view USG that latter comite alone shld receive its instructions from Govts concerned.[7]

With respect function of coord requests of States of ME for arms and equipment, USG in agreement with position of Fr Govt that for time being no change shld be made in present procedures under which this task is performed by three-power comite sitting in Wash. However, it is clear this is field in which MEDO will have substantial interest and three powers will have to decide later, on basis experience, how operations NE Arms Coordinating Comite can best be coordinated with defense plans of MEDO. This Govt does not consider use of language of para 4C of UK memo will embarrass work of NE Arms Coordinating Comite or increase difficulty effecting coord of this work with plans MEDO.

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[6] The words "on the military level" were recommended by the Joint Chiefs of Staff in their memorandum of Oct. 6.

[7] The substance of this paragraph was entirely new and was inserted by the Department of State in pursuance of a recommendation made by the Joint Chiefs in their Oct. 6 memorandum.

BEST COPY AVAILABLE

USG fully shares view of Fr Govt that Govt Israel shld be informed of any discussions looking toward estab MEDO and of work of org, once it is estab."

FYI only. Gen Bradley is informally making known to Fr and UK reps Standing Grp milit view re Fr proposed tripartite mtg and Standing Grp question.

BRUCE

No. 95

780.5/10-1752: Circular telegram

The Acting Secretary of State to Certain Diplomatic Missions in the Near East [1]

SECRET WASHINGTON, October 17, 1952—8:26 p. m.

449. Part I of II. Brit Emb informed Dept [2] that UK now prepared join other sponsors in early approach to Arab States on MEDO. Fon Off sounds note of warning that care must be taken to prevent prelim exchange of views with Arabs from developing into interminable and fruitless negotiations and emphasizes need to show in near future real evidence of determination and ability to resist aggression in ME.

A.1. Fon Off considers necessary present Arabs with written text in order to avoid subsequent misunderstanding. Proposes that each Arab Govt be told that similar communications being made to others, that Govt's written or oral comments wld be welcome and that if Govt chose to designate rep to pursue discussions with sponsoring powers, this acceptable. Also proposes, inform Govts that no commitments had been made regarding Israeli participation and Israeli Govt not being invited to comment at this stage.

2. Fon Off opposes multilateral *démarche* and suggests communications shld be made in each capital by one rep of sponsors, other reps taking subsequently appropriate supporting action. Suggests rep who wld act in each capital wld be local doyen among sponsors reps.

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[1] Sent to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, and Ankara, and repeated for information to London, Paris, Tel Aviv, Wellington, Canberra, and Pretoria. Drafted by Daspit and cleared by NE, GTI, BNA, and S/S.

[2] A memorandum of conversation, dated Oct. 13, not printed, recorded the visit of an officer of the British Embassy to the Department of State to present the views of the British Foreign Office on approaching the Arab States concerning the Middle East Defense Organization. He read a message from Eden to the British Ambassador and left the text of the proposed communication to the Arab States which is transmitted in this telegram. (780.5/10-1352)

3. Approach to Egypt to be accompanied by Brit attempt to work out settlement of Suez problem.

B. Abbreviated text proposed communication to Arabs follows:

"1. Pres lack of effective coord plans for defence of ME must be cause of concern to states in area and entire free world. ME area constituting as it does point of junction between three continents lies in vital and vulnerable strategic position and evident it can no longer afford remain in contrast with other regions vacuum from point view defence planning. Successful arrangements ensure its security must depend on concerted efforts of all interested states. Can be no doubt that effective central org embracing all those countries both within and outside area which are able and willing help in its defence is only means of coord these efforts and achieving joint aims of powers concerned.

"2. The . . . Govt will recall that guiding principles of such org were set out in Paris declaration of Nov 10th 1951.[3] Particular stress was laid on its purely defensive character. Also made clear that such org wld not prejudice independence of states in area which it was hoped wld participate in it as equal members.

"3. Govts of UK, US, Fr, Turk, Aust, NZ and South Africa have since been carefully considering what steps shld be taken to give effect to purposes set forth in this declaration and they now wish to give . . . Govt indication of lines on which their ideas crystalizing. As result of latest exchanges of views between them seven Govts are agreed that best method procedure wld be to estab in first place an org whose activities wld be limited to planning coord and liaison. This org wld provide desired centre for coord defence efforts of interested states. Task wld be draw up common plans for defending ME for remedying existing milit deficiencies and for providing milit assistance in shape of arms equipment training or advice. Org wld be estab in most suitable available place ME. UK have offered Cyprus; other sites suggested; decision on point might be taken by all powers who participate in proposed joint org. Details of structure of org have not been worked out though certain principles wld clearly have be observed. Must be body on which all participating states wld be represented and planning group of staff officers. In gen org shld be kept small and flexible so that it may operate efficiently and undertake further responsibilities as time goes on.

"4. At this stage while various possibilities are under discussion between them it wld be most valuable to seven Govts to know prelim and gen reactions of Govts to above proposals. They wld accordingly welcome any comments which wld help them take decisions on nature, composition, scope, structure and seat of org."

BRUCE

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[3] See the Department of State *Bulletin*, Nov. 19, 1951, pp. 817–818. All ellipses in this document are in the source text.

No. 96

780.5/10-1752: Circular telegram

The Acting Secretary of State to Certain Diplomatic Missions in the Near East [1]

SECRET WASHINGTON, October 17, 1952—8:26 p. m.

450. Part II of II. Depts tentative views on UK proposals follow:

I. Numbering corresponds to that in Part I this message.

A.1. Dept agrees probably desirable present Arabs written statement. Arab States will certainly discuss proposal among themselves and desirable for them have solid basis for purpose.

Procedure suggested for providing Arab reaction seems appropriate. Leaves to them decision whether they wish continue discussion and does not imply inaction their part will constitute veto. Further consideration necessary as to just how possible discussions with Arab reps might best be handled. If several states favorably disposed, might possibly be desirable invite them to mtg with sponsors.

2. Agree multilateral *démarche* awkward but not certain re practical effect principle proposed. Missions comments this point particularly requested.

3. Re approach to Egypt, Dept inclined feel wld be desirable make separate and very informal approach prior to gen round with other Arab States. Realize risk this may cause injured feelings other Arab States, but desirability doing everything possible enlist Egyptian support obvious. Moreover, prior overture Egypt justifiable on ground Egypt originally invited become sponsor. Dept agrees Emb Cairo approach best made after Brit have offered some conciliatory gesture, feels perhaps agreement release jet planes wld serve. Not thought Egypt wld wish become sponsor nor that discussions wld proceed far without involving whole problem of Suez settlement. Nevertheless, appears there might be significant advantages in according Egypt priority suggested. Approaches other Arab States shld be made simultaneously some time after initial approaches to Egypt.

B. Re text of proposed communication, Dept feels that in gen even for limited purpose indicated, statement too sketchy and not calculated make maximum possible appeal to Arabs. Re numbered paras:

1. No comment.

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[1] Sent to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, and Ankara, and repeated for information to London, Paris, Tel Aviv, Wellington, Canberra, and Pretoria. Drafted by Daspit and cleared by NE, GTI, BNA, and S/S.

2. Ref to Paris Declaration shld be expanded to include certain of principles calculated appeal Arabs, particularly ref to objective increasing indigenous capacities for defense permitting reduction in role of non-ME States (para 10).

3. This para shld be broken up into five parts:

a. Emphasize prelim nature of 7-power discussions and eliminate suggestion that ideas on point of crystallization.

b. Point out essential principles of Nov Declaration maintained but command concept not element in revised proposals. Underline fact that no formal commitment will be required for participation in proposed org.

c. Outline principal functions of org.: Coop study of requirements for area defense, coord of efforts of participating states to meet these requirements; remedying existing milit deficiencies; providing milit assistance in shape of arms equipment, training or advice.

d. Statement as to site seems appropriate in present form.

e. Perhaps fuller description of structure of org as developed in 7-power exchange, but stated as example of possible solution rather than as firm proposal.

4. This para shld be redrafted to suggest Arabs may participate in formulation of decisions rather than merely offer observations for possible consideration.

Missions' comments on UK proposals and Dept's tentative views as outlined above urgently requested. [2] In addition, wld appreciate Missions' comments on desirability either in note or in course verbal presentation making some ref Arab Security Pact as suggested para II B Cairo's 473 Aug 26 to Dept rpt unnum Ankara and Arab caps. [3]

II.A. No fixed schedule for approach Arabs and some time may elapse before this possible. Views Aust, NZ on UK memo not yet received though UK expects shortly and anticipates no difficulty. FR being very insistent re use NATO Standing Grp in MEDO and may delay completion exchange by intransigence this point. Once exchange completed Dept considers approach Egypt shld be made earliest favorable occasion with approach other Arab States keyed to this.

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[2] Telegram 300 from Amman, Oct. 21, not printed, agreed with most of the Department of State views, except the suggestion in paragraph A3 that it might be desirable to approach Egypt before the other Arab States. The Embassy in Amman was strongly inclined to favor simultaneous presentation to all the Arab States, saying it was "many disadvantages and no compensatory advantages in prelim presentation to Egypt." (780.5/10-2152)

Telegram 305 from Damascus, Oct. 23, reported that the Embassy favored an early informal approach to Egypt and it disagreed with paragraph B3 (e), saying "suggest there be no initial description structure org which of secondary importance Arabs." (780.5/10-2352) Additional replies are in Department of State file 780.5.

[3] Not printed, but see footnote 6, Document 98.

B. Dept continues hold that decision re proceeding with formal establishment MEDO must depend on assessment Arab reactions to initial approaches. US convinced that plans for ME defense must be developed in any event. However, Dept feels this might better be accomplished by inconspicuous and unpublicized arrangements in event Arabs demonstrate gen and strong hostility to MEDO proposals.

BRUCE

No. 97

780.5/10-2052: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State [1]

SECRET LONDON, October 20, 1952—9 p.m.

2304. Re Embtel 2280, October 19. [2] FonOff today took initiative in informing us tht convs with Turk Prime and FonMins re MEDO had been most satis. Within next few days, FonOff will be informing Dept more formally re convs thru Brit Emb Wash and Turks thru US Emb Ankara.[3] Prior doing so, however, FonOff instructing Brit Emb Ankara clear minutes with Turks in order assure no misunderstandings re gen lines of talks as result possible faulty translation. Meanwhile, FonOff wished give us its understanding. FonOff said Menderes had expressed great appreciation for urgent need org ME def and reiterated Turkey's willingness participate. He felt there was urgent need for setting up MEDO. It wld be much better if Arabs wld participate, but sponsors must go ahead and org MEDO even if Arabs will not play.

Brit showed Turks copy of draft contained section B Depcirtel 449 Oct 17 [4] and explained Brit views re consulting Arab states as set forth section A. Menderes indicated that he thought it wld be desirable if all Arab states cld be brought into org, but he did not think this cld be accomplished by simultaneous *démarches* to all states concerned. He felt some are more interested than others. For example, he had recently talked to Regent here in London and he felt there was good possibility of persuading Iraqis to join org. If Arab bloc cld be split up on this question and one or more Arab states brought in, then others might fol. He thought that it was desirable to sound out Iraqis first and, in view his conv with Regent, suggested Turks undertake do so. If Iraqi agrmt can be obtained, then either Iraq or UK might attempt bring in Jordan. Next step might then be to try bring in Saudi Arabia and Lebanon.

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[1] Repeated to Ankara, Cairo, Baghdad, Damascus, Jidda, Amman, and Beirut.

[2] Not printed; it reported on a newspaper article concerning the visit of the Turkish Foreign Minister and Prime Minister. (780.5/10-1952)

[3] See telegram 911 to Cairo, Document 104.

[4] Document 95.

FonOff indicated Menderes felt present moment propitious for splitting Arab states on this question. Arab League not at present effective org and there are increasing indications that monarchial states beginning look askance at republican tendencies in Egypt.

Re Egypt, Menderes thought it wld be best not to raise question MEDO participation at this time, but to let matter rest until progress cld be shown in Anglo-Egyptian prob.

FonOff added that all Brit reps in the field who have been consulted re proposals set forth Brit memo contained Depcirtel 449 have been unanimous in viewpoint that these are wrong tactics to pursue with Arab states.

Emb off recalled that gen tactics which Menderes suggested re approach Arab states were essentially those suggested by Brit some months ago. He recalled that we had felt strongly at time that they were open grave difficulties. He expressed appreciation for info and anticipated Dept might have some observations when Dept formally informed of talks by Brit and Turks.

FonOff also indicated that no points of any importance had been discussed re organizational aspects of MEDO, discussions having been mainly restricted question tactical approach to Arabs.

GIFFORD

No. 98

780.5/10-2152: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, October 21, 1952—4 p. m.

1007. Before noting specific content Depcirtels 449 and 450,[2] Oct 17, and in full concurrence with Dept's view that Egypt is key to Arab acceptance or rejection MEDO concept I desire submit fol observations re sitn here:

1. Egypt will not participate as partner with Britain in any MEDO concept unless British announce acceptance principle of evacuation Canal Zone and actually begin evacuation troops

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[1] Repeated to London, Amman, Beirut, Baghdad, Jidda, Damascus, Paris, Rome, Tel Aviv, and Ankara.

[2] Documents 95 and 96.

(having in mind that final withdrawal troops will be simultaneous with entry of Egypt into eventual defense organizations leaving on base only troops disguised as technicians). This wld not preclude Egypt in meantime entering into discussions on MEDO planning group.

Accordingly, it is essential that assurances be given by British on this point if any Egypt acceptance of MEDO is to be expected. A mere agreement to release jet planes 80 percent paid for by Egypt under legal contract wld not suffice to win Egypt entrance into MEDO planning group.[3]

2. Dept's 450 while taking cognizance of factors set forth above is silent on fact that conversations are currently in progress between US and Egyptian Govts on possible military and economic assistance to Naguib regime. As indicated final para Embtel 886, Oct 8,[4] members of military high comite are increasingly anxious that something tangible [to] be done quickly to convince army that western powers and especially US are friendly to Naguib regime and willing to help it. I anticipate that reply to Dept's message (Deptel 678, Sept 30)[5] will be made by Naguib this week since officers preparing reply have indicated that their lists of equipment necessary to bring Egypt's armed forces up to present planned strength are about ready for submission.

3. In my opinion prompt affirmative action in providing Egyptian army with even token shipment of some equipment wld do more than anything else to bring Naguib govt to point of agreeing at least to consider with us and other sponsoring powers outline of MEDO.

Taking Dept's 450 with enumeration established therein I have fol comments:

I. A. 1. Agree.

2. I likewise feel multilateral approach not desirable and on whole favor British suggestion in para A2 Dept's 449. In this connection recall second para section 2B Embtel 473, Aug. 26,[6] which I now desire amplify by saying that my British colleague indicates his govt aware that UK cannot present proposals here and that it desires me to undertake this task.

3. My overall views this para covered in sections 1 and 2 above. At same time we shld agree to make available to Egyptian army

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[3] For details, see Documents 947 ff.

[4] Not printed. (611.74/10-852)

[5] Not printed. It reported that the Departments of State and Defense and the Director of Mutual Security agreed that material as well as moral support toward the Egyptian regime was the policy best calculated to lead toward the attainment of United States objectives in Egypt, specifically: "a.) Egypt participation in common def planning, b.) settlement Anglo-Egypt controversy and c.) peace with Israel." This telegram was also sent to London as telegram 2293, Sept. 30. (744.00/9-1852)

[6] Not printed. Paragraph 2B suggested that the Department of State take a close look at the Arab security pact which went into effect on Aug. 23, since it contained some useful language. "Its first four parts are, in fact, but a paraphrase of treaties we ourselves have evolved from act of Chapultepec thru Rio Treaty, Western Union and NATO Treaty to pres time. There are also points of similarity in this instrument to proposals in MEDO papers." (780.5/8-2652)

certain items of military equipment. Egypt *quid pro quo* wld be private agreement to consult on MEDO concept.

B. 1. No comments.

2. Concur and desire revert to suggestion para Roman [apparent omission] B my ref tel re utility or more explicit ref to possibilities of economic cooperation in this area. Both Arab security pact and third para Paris principles Nov 10 contain useful language in this regard.

3. and 4. I concur.

II. A. and B. I concur.

CAFFERY

No. 99

780.5/10-2252: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, October 22, 1952—9 a. m.

520. Depcirtels 449 and 450. [2] Emb agrees with Dept's excellent comments on UK draft paper.

No objections here re prelimin informal approach to Egypt. Iraqis in general recognize paramount importance Egypt to successful defense org and any criticisms can be turned aside this basis.

Believe Emb Cairo's suggestion re lifting as much as possible of nomenclature, language and ideas from Arab collective security pact and incorporating them into whatever final MEDO instrument evolves had merit provided it can be done so as not to interfere with MEDO's *de facto* capacity deal with Arab countries individually. Emb believes, however, that it wld be better omit mention of pact in first instance and let suggestions come from Arabs themselves so that they may feel they have had some kind of creative role in MEDO. Iraqis and others almost sure to bring up Arab collective security pact if they engage in subsequent discussions.

In re manner presentation I agree multilateral *démarche* too heavy-handed and formalistic for purpose proposed. Local Doyen [3] taking lead wld apparently give Turkey no major role in any country and also may coincidentally give rise "spheres of influence" impression. However, I see no practicable alternative. IG accustomed consulting in first instance with Brit Amb. I believe advisable he

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[1] Repeated to London, Paris, Ankara, and Amman.

[2] Documents 95 and 96.

[3] That is, the British Ambassador.

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take lead here in presenting written document with Fr, Turk and myself subsequently lending informal oral support.

BERRY

No. 100

780.5/10-2452: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, October 24, 1952—3 p. m.

531. Re London's 2304 Oct 20. [2] Emb doubts that Iraq can or shld be split off from other Arab states in regard participation in MEDO or that Turks can be useful broach this subj to Iraq Govt. It is probably true that Regent, [3] with his personal pro-Western inclinations, displayed favorable attitude in discussing MEDO with Turk PriMin in London, but bringing Iraq Govt as whole to make break with other Arab states not only difficult but probably also inadvisable from standpoint Iraqs internal stability. In any case present caretaker Iraq Govt in no position to make decision.

If MEDO made sufficiently attractive Iraqis cld be persuaded use their influence in discussion with other Arab states to bring about collective Arab decision participate in MEDO but in this Emb's view Egypt must also be persuaded before positive Arab action likely.

Anti-Turk sentiment presently so high here that Emb doubts if Turk intervention wld be fruitful. Turk has no Amb here and intervention by Chargé ahead of Brit and US Amb might not only create suspicion concerning Turk motive but also give impression that US and UK were trying to get out-from-under.

BERRY

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[1] Repeated to Amman, London, Ankara, Paris, Beirut, Damascus, Cairo, and Jidda.

[2] Document 97.

[3] Crown Prince Abdul Ilah, uncle of King Faisal II who was a minor.

No. 101

780.5/10-2452: Telegram

The Ambassador in Turkey (McGhee) to the Department of State [1]

SECRET ANKARA, October 24, 1952—9 p. m.

542. Section one of two. Re Deptels circ 449 [2] and 539, [3] Oct 17, and London's 46, Oct 20 [4] to Ankara. FonMin on Oct 23 gave Amb extensive account London meeting including MEDO discussion which are reported this tel. Other subjects being reported separate tels and entire conversation by desp.

1. FonMin said both Turks and Brit reaffirmed agreement organize ME defense as soon as possible, and that if, despite all efforts to gain their participation, Arab States were still reluctant to join, efforts shld be made to continue organization without them. FonMin emphasized in latter connection that agreement with Brit was that sponsoring powers shld proceed to carry out organ in some way, although he believes there is no necessity for deciding now just how this is to be done if proposal is rejected by Arab States.

2. British agreed with Turk viewpoint that every effort shld be made to get Arabs into MEDO from beginning. British abandoned their idea of proceeding without Arabs in hope of their joining later—the "setting up shop and waiting for customers" approach. FonMin considered this significant step forward in understanding between Turks and US on one hand and Brits on other.

3. Brits agreed to abandon idea that first invitation shld be written, and accepted Turk proposal that each Arab State be sounded out orally. Decision could be made later, in light Arab States' reaction, as to whether or not written invitation shld be extended. FonMin stated principal objective of tactics in approach on MEDO shld be to avoid consideration of question by Arab League. Turks feel that written invitation wld inevitably result in this.

4. FonMin told me in strict confidence of conversation which Turk Amb Cairo had with Naguib upon possibility Egypt joining MEDO (reported separately by Embtel 543, Oct 24),[5] results of which indicated Egypt not likely join under any circumstances until Canal Zone evacuated. On other hand, from PriMin and FonMin's conversation in London with Iraqi Regent (reported London's

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[1] Transmitted in two sections; repeated to Amman, London, Paris, Cairo, Baghdad, Beirut, Damascus, and Jidda.

[2] Document 95.

[3] Presumably this refers to circular telegram 450, Document 96.

[4] Printed as telegram 2304 from London, Document 97.

[5] *Infra.*

reftel) he thinks there is good chance that Iraq wld be prepared to join. Regent had inquired re results of FonMin meetings with British and said he was looking to Turkey to protect Iraqi interests in meetings. Commented that if Turkey alone had made MEC proposals last year they wld have been much more effective. Regent wished to have further talks with FonMin after elections in Iraq in about two months. FonMin informed Brits of this conversation, asking them not to mention it to French.

Section two of two.

5. FonMin felt situations in Egypt and Iraq as reported above support validity Turk view that sounding out orally by friendly countries was preferble method of proceeding enlist support for MEDO. FonMin proposed to Eden that first *démarche* to Arab State be made by Turkey to Iraq, which because of border with Iran FonMin considers Arab State most exposed to possible Russian aggression. Eden agreed despite Brit treaty with that country. Brits wld at same time advise Iraqi they were aware of Turk approach and supported move. Eden also agreed Turk suggestion that US similarly advise Iraqi.

6. FonMin believes decision re further approaches shld depend in some measure on Iraqi response. Perhaps Iraqi themselves might suggest next step. FonMin's present views are that Jordan shld be next country and shld be approached by UK, followed by Saudi Arabia with US taking lead, and Lebanon with approach by Turkey. If there are other acceptances Syria might join without approach. If approach necessary shld be made by Turkey or US. In response to my query re French attitude toward allowing another country to make approach in Lebanon and Syria, FonMin stated he recognized this problem, which was, however, not discussed in London. FonMin felt, if necessary, matter shld be put up to Fr frankly with fact of Brit foregoing first contact with Iraq as example most desirable arrangement whereby national and prestige interests subordinated to general good. FonMin advised that Eden was seeing Schuman in Paris in few days and wld present to latter conclusions reached on approach to Arab States in very general terms only, since French particularly sensitive to prestige considerations involved in approach to Arab States. Eden promised to send FonMin minutes of these conversations with French.

7. Reverting to Egypt, I pointed out US thinking has been that, because of Egypt's position in Arab world and fact it had originally been invited to be sponsoring power, it shall be approached first. I inquired re Turk estimate Egyptian reaction to proposed initial approach to Iraq. FonMin replied that in his judgment Gen Naguib cld not accept MEDO proposal in absence Brit evacuation, which was not discussed in London. He thought best course wld be to tell

Egyptians frankly that we were willing to discuss MEDO proposal with them at any time Egypt wished; however, that we proposed proceed with discussions with Iraq, which was most vulnerable Arab country.

8. FonMin stated it was agreed in London to report conversations to US, both through London and Ankara Embassies, and to urge US to agree to conclusions reached.

Altho foregoing report of Turk-Brit conversation injected new elements into situation, I outlined to FonMin substance Depcirtel 449, Oct 17.[2] I pointed out agreements reached in London had raised two points of difference with views set forth by Dept, namely (a) that original approach shld be a sounding out rather than a written proposal and (b) that first approach shld be to Iraq rather than to Egypt. I told him I wld report fully to Dept what FonMin had told me and wld advise him of our reaction, which was probably already being formulated on basis Brit report on London meeting. I emphasized that we wished await Arab reactions before deciding how to proceed further. In event strong adverse reaction we might prefer proceeding with mil planning by sponsoring powers without fanfare. FonMin said this not inconsistent Turk view and what he considered to be agreement in London.

Re proposed Brit note, which FonMin saw in London, he stated in early part of conversation before learning of UO [*US*?] views that he considered text adequate as first draft and had no particular desire to suggest changes at this time. He commented favorably on ref to Paris statement of principles. He, of course, emphasized that present Turk-Brit proposal wld involve no written communication in initial contacts.

Assuming necessity for written communication at some time in negots, Emb believes that modifications suggested by Dept wld greatly improve text. Emb wld recommend elaborating upon those aspects of principles which wld be attractive to Arabs. Agree that effort shld be made where appropriate to utilize wording of Arab security pact, avoiding any written mention of pact itself.

McGhee

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[2] Document 95.

No. 102

780.5/10-2452: Telegram

The Ambassador in Turkey (McGhee) to the Department of State [1]

SECRET ANKARA, October 24, 1952—10 p. m.

543. In course conversation Oct 23 (Embtel 542 Oct 24 [2] to Dept rptd London 55 Cairo 9) FonMin stated he was able advise me in strictest confidence of results recent talk between Turk Amb Cairo and Gen Naguib. Latter had specifically requested this conversation be kept secret and Turks proposed tell only Brits and US. Conversation resulted from instructions to Turk Amb on Oct 9 to obtain personal reaction Naguib to Egyptian participation MEDO. Specified this should not appear be official approach or in behalf other powers but made appear spontaneous.

First conversation was with Egyptian FonMin who stated in his judgment it would not be possible for Egypt to become member MEDO as long as Canal Zone occupied by Brits. Egyptian FonMin then suggested Amb ask Naguib personally what his own views were and arranged rendezvous.

Ambs report this conversation Oct 16 states that Naguib said in his opinion it was in Egypt's interest enter organization such as MEDO but this not possible until Canal Zone evacuated. He made number of complaints against Brit Egyptian policy, including fact Egypt helped UK during war but received nothing as result; Brit owed Egypt 300 million pounds unpaid; recently deblocked five million pounds in manner which appeared place UK in light performing generous act. Notwithstanding this, however, Naguib strongly favored reaching understanding with Brits and will try to do so. He is however not hopeful. Commented he was not so foolish as Wafd to fight Brits, but could not agree to any course other than evacuation canal.

When Turk Amb attempted present advantages Egypt membership in MEDO, Naguib said he thought there would also be disadvantages. If Egypt joined, other Arab states would follow suit. If later MEDO did not prove satisfactory Egypt could withdraw, but other countries, particularly Syria and Iraq, who do not have great differences with UK, might find MEDO to their advantage and stay in. Egypt would then be left isolated.

Naguib stated Arabs ready assume obligation defend their own soil if provided with arms. Canal Zone must be defended by Egypt. Turk Amb pointed out Egypt not able defend canal, which impor-

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[1] Repeated to Cairo and London.

[2] *Supra.*

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tant not only to Egypt but for defense of entire ME. He argued it unwise reserve defense of ME to local troops alone, but reliance must be placed upon outside help. Naguib responded UK to blame for Egyptian lack preparedness since UK thinks Egypt would use against UK and Israel any arms which might be provided. Naguib assured Amb he is not foolish enough to fight powerful country such as UK nor to fight Israel, but is trying to develop good relations with all countries.

Naguib summarized position by saying that until Canal Zone evacuated Egyptians had better stay by themselves. Amb commented that Russians may not let them stay by themselves and cited danger that Russian paratroopers could seize Canal Zone. Naguib replied simply that UK must resolve present dilemma and that he hoped they would choose right course. He agreed however to study question of participation in MEDO and to discuss matter further with Amb within 2–3 weeks.

Turk FonMin, in advising me of foregoing, said that question evacuation Brit troops not discussed in London nor has he discussed it with Brit Amb Ankara. Churchill did in London mtgs make some passing comment in offhand way that if Egyptians continued to be as difficult as they had in past he would move his troops to Cyprus. FonMin emphasized this could not be taken as considered judgment.

McGhee

No. 103

State–JCS Meetings, lot 61 D 417

Department of State Minutes of State–Joint Chiefs of Staff Meeting [1]

TOP SECRET

Washington, October 29, 1952. [2]

PRESENT

General Bradley	Colonel Wright
General Lemnitzer	Mr. Matthews
General Twining	Mr. Bohlen
Admiral Duncan	Mr. Nitze
Admiral Fife	Mr. Byroade
General Ruffner	Mr. Jernegan

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[1] A notation on the first page reads: "State Draft. Not cleared with any of the participants."

[2] The meeting was held at 11 a. m. in the Pentagon.

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Admiral Wooldridge
General Cabell
Mr. Daspit
Mr. Stelle

General Bradley: Before we begin on the Middle East, there is one point I would like to take up. We have a message drafted to send Clark which gives him authority to release the movies and other material on the POW's in our camps. There is a question of whether or not the commercial press should be allowed to interview the prisoners. This message gives Clark discretion. We understand this has been worked out with your people but we thought we might just check with you before sending it off.

Mr. Bohlen: It seems to me the only question would be one of timing, particularly with the General Assembly Debate coming up.

General Lemnitzer: The actual timing of it would be coordinated by your people so that it will fit in with what is happening in the General Assembly. I think that can be worked out satisfactorily.

MIDDLE EAST

Mr. Matthews: We have had your letter [3] which brings out the point that you will need time for careful study before you can treat the Middle Eastern force requirements and which lays out some of the general strategic considerations of the Middle East Defense. There are some questions of timing which we have to meet which we thought would be useful for Byroade to present to you today.

Mr. Byroade: Our general strategic concept in the past has been based on UK responsibility for the Middle East. With the developments of the past few years we have felt the need to review our general approach to the Middle East and in connection with that we asked the JCS to provide a military paper. We realize the difficulty of the questions that are involved in the Middle East Defense. But there are several factors which make a review of our general approach to the area urgent. When we survey the Middle Eastern area we cannot but be impressed by both the importance of the area to the United States and the present widespread instability in the area. In this important and unstable region we are now essentially carrying on only Point-Four activities. We feel that we must do more than this. We have been studying very carefully economic developmental projects which might be undertaken, but we are told by our people in the field that at the present time we could probably secure quicker and greater political gains from relatively small programs of military assistance and provision of military equipment than we could from economic assistance. Right now, for example, in Egypt there is a situation in which a moderate amount of military assistance might be calculated to promise really important political dividends. Iraq and Pakistan are also areas where prospects exist that military assistance would be politically valuable. From the purely political as apart from the military point of view we have come to the conclusion that we should ask for military assistance funds in the next year's budget and that we should not merely rely on the 10 per cent transfer provision of the Greek-Turkish appropriation. From our conversations with the office of the Secretary of Defense we gain the impression that the bottleneck in military assistance might in the future be one of dollars rather than equipment. From the political point of view we arrive at the tentative conclusion that something of the order of two hundred million dollars might be requested. I have already talked with the Budget Bureau and have presented the case for a military assistance program for the Middle East from a political and not military point of view. Some time ago the Budget Bureau asked when the military case would be provided. Originally I told them I thought it might be forthcoming the first of November. Yesterday I talked with them again and said I didn't know when it would be available. On this part of the problem I have a question—whether we need an exhaustive formal JCS study or whether some general statements of military desirability are not what is called for.

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[3] The letter from the Secretary of Defense, dated Oct. 28, is not printed, but see footnote 3, Document 83. (780.5/10-2852)

General Bradley: There is no question that we are in favor of MEDO and that military assistance to the area would be important. But the question that we were asked dealt with force requirements. We don't have enough information to give a really adequate answer on force requirements, and we can't expect to get a really accurate answer until we have a MEDO planning organization which could provide detailed information on the capabilities and potential forces of the countries of the area. The British have made an estimate of force requirements for the defense of the Middle East on a forward line. It runs to something like 20 divisions and 1200 aircraft. Without careful study of the situation we hesitate to put the stamp of JCS approval on any such estimate.

Mr. Nitze: Would the British force requirement estimates include or exclude the 10 Turkish Divisions.

Col. Wright: They included 10 Turkish Divisions and as I remember 9 other divisions for the other sectors, making a total of 19.

General Bradley: We have asked our planning teams which are working on 1955–56 requirements to provide us with information on the Middle East by the first of July next year. We have already asked them to push up our deadline to the first of January. I don't see how you could speed up their work any more than that and hope to get anything out of it.

Mr. Byroade: What we need at this time is a fairly general statement which would justify a budget request.

General Bradley: The difficulty is we don't know the status of the units in the area, the size of the forces or their make-up. I can't help but be concerned with the embarrassing questions I might have to answer on the Hill in defense of a budget request.

Mr. Nitze: Isn't it a question as to whether on the one hand it is better not to go up to the Hill with a request for military assistance funds for the Middle East or whether we should ask for it now but say frankly the area has hitherto been a British responsibility, that we will have to carefully study precisely what needs to be done but that we feel that appropriations for military assistance now would be a useful tool in dealing with the area.

General Bradley: It seems to me that it is sensible to save a year by making the request now, even though we would have to say that we don't have full knowledge of just what the situation is.

General Cabell: Isn't the problem that State needs a testimonial for budget purposes. The JCS is not in a position to give this testimonial by normal planning processes and in that case wouldn't it be useful for State to draft the kind of statement that they think they need and to check it with our people.

Admiral Duncan: It seems to me that we do have one question to consider and that is what we could say to objections about the capabilities of the people in the area to assimilate, use, and maintain military equipment that we might provide. My impression is that there are fairly severe limits along this line.

Mr. Byroade: We will have a list of military items from Egypt in a couple of weeks. Admittedly, this is not a systematic way of going about the problem. It really is a question of timing.

General Bradley: It would seem to me that it was better not to lose a year by attempting to be too systematic. I have a question as to whether you are including India in this program.

Mr. Byroade: It might be that for political reasons we would have to do something for India, particularly if Pakistan were given military assistance. There are other places such as Syria and Egypt where military equipment could be of immediate utility to the forces they already have organized and would bring political dividends.

Mr. Nitze: We also had related questions in connection with the studies that are now going on under the directive which stems from NSC 135.[4] It is difficult to get ahead with these studies without comments from the Joint Staff, and NSC 135 particularly stressed that we should look into the possibilities of doing more in the Near East and Far East.

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[4] Regarding NSC 135, see the editorial note, vol. II, Part 1, p. 56.

General Bradley: We can make a general statement but we wouldn't be in a position to draw specific force tabs.

Mr. Nitze: We can understand that. What we would like, however, would be general support for the budget justification, and the best advice that you people can give us at this stage on NSC 135.

Mr. Matthews: What about Cabell's suggestion that State should draft a general statement. I should think it would be useful if someone from your staff could work with us in getting up such a statement.

General Bradley: We can have Colonel Breit of the Joint Staff work with you on the general statement, but I think when it comes to testimony on the Hill we are going to have to be in a better position than we are now. Some of us will probably have to make a swing around and look into the situation in the area.

[Here follows discussion of the Party Congress in Moscow.]

MIDDLE EAST

Admiral Duncan: I would like to go back for a minute to the Middle East question and ask whether the proposed program would supplant the 10 per cent transfer arrangement that we have now.

Mr. Byroade: We would prefer to keep the flexibility which we gained from the 10 per cent transfer clause and still get additional funds for this area.

Admiral Duncan: It seems to me there is a real question—what programs the equipment would come out of. Right now we are having a hard time to get material to match appropriated funds. Tossing in another two-hundred million dollar appropriation wouldn't really answer the question where the equipment was coming from.

Mr. Byroade: It was my understanding that money rather than equipment would pretty soon be the major problem.

General Bradley: In general terms of availability of steel and materials, I understand that resources will not be the problem by about next fall.

General Lemnitzer: The difficulty is that we need the same kind of items for South Korea, Indochina, and Formosa as we do for the Middle East, and even though there is plenty of steel there is a wide gap between availability of steel and weapons production.

Mr. Nitze: It seems clear that there will be two phases. Right now, even though you need to appropriate money for any new programs, it may be that you won't have immediately the equipment to spend the money for. Within a fairly short period of time the problem will change to one of not having enough money to keep the present productive facilities going.

Admiral Duncan: We still have to face the question of how to fit in this Middle East program with other programs.

Mr. Nitze: We had hoped that the NSC 135 exercise might give some guidance in answering that question.

Mr. Matthews: Schuman and Eden will be coming over and will be talking with our Secretary very shortly. They may raise questions having to do with the recent 5-Power Military talks on Southeast Asia. [5] We were wondering when we could hear what the results of those talks were.

General Bradley: There is a report which hasn't been approved by the JCS, but we can give you copies of that right away.

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[5] For documentation on the Five-Power Military Conference on Southeast Asia, which met in Washington from Oct. 6 to Oct. 17, 1952, see vol. xii, Part 1, pp. 230 ff.

No. 104

780.5/10-3152: Telegram

The Acting Secretary of State to the Embassy in Egypt [1]

SECRET
PRIORITY

WASHINGTON, October 31, 1952—7:22 p. m.

911. Dept has now been officially informed of Anglo-Turk talks reported London's 2304 to Dept Oct 20 and their decision Iraq shld be approached first re MEDO. Dept's tentative view re this proposal fol reasoning Baghdad's 520 Oct 22 and 531 Oct 24 is that we shld concentrate on key to common defense planning; i.e., Egypt, since if we can obtain Egypt adherence to MEDO concept, other Arab states more apt follow suit. Replies from missions in Arab states to Depcirtels 449 and 450 indicate that other Arab states will not be willing join common defense planning prior settlement outstanding issues between UK and Egypt.

Having in mind comments Cairo's 1007 Oct 21 to Dept Amin's comments reported Cairo's 886 Oct 8 to Dept [2] and public statements Egypt policy, we concur approach to Naguib re MEDO wld be useless and wld stand more than fair chance summary rejection without settlement base issue, based on evacuation to agreed extent Brit troops. We also concur that base settlement and MEDO cld only be given meaning with material assistance to Egypt by US and UK.

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[1] Repeated as telegram 3072 to London, 337 to Amman, 599 to Ankara, 495 to Baghdad, 843 to Beirut, 282 to Damascus, 269 to Jidda, 2545 to Paris, and 455 to Tel Aviv. Drafted by Hart, Stabler, and Ortiz and cleared by NEA, BNA, EUR, G, S/P, and S/S-CR.

[2] Not printed. (611.74/10-852)

UK and US are equally anxious estab MEDO without delay. If UK can be persuaded our considered judgment that Egypt is key to MEDO, it seems to us that UK is bound acknowledge that Egypt adherence can only be secured by prompt settlement base question.

We wld hope at same time Naguib reply to our msg (Deptel 678 to Cairo Sep 30)[3] will be sufficiently forthcoming so that we can proceed now with material assistance thereby creating better atmosphere for approach to base question and MEDO simultaneously. Also clear that favorable reply wld help put fol proposals over with UK.

[Here follows a summary of the main points which the Department of State proposed to make in replying to the United Kingdom regarding the Anglo-Turkish proposal; see the *aide-mémoire* of November 5, *infra.*]

BRUCE

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[3] Not printed, but see footnote 5, Document 98.

No. 105

780.5/11-552

The Department of State to the British Embassy[1]

SECRET [WASHINGTON, November 5, 1952.]

AIDE-MÉMOIRE

The Secretary of State is most grateful to His Excellency the Ambassador of the United Kingdom for the information transmitted through the British Embassy in Washington on October 27 with respect to the results of the Anglo-Turkish conversations on the

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[1] Handed to the British Ambassador by Matthews on Nov. 5, with a request that the Ambassador transmit it to London. Drafted by Stabler, and cleared by Acheson, Bonbright, Matthews, Ferguson, and Byroade.

A memorandum of the Nov. 5 conversation at the Department of State, not printed, stated that Matthews told the British Ambassador the United States did not intend to inform the Turks of the message until it had received the British reaction, and hoped the British would not discuss it with them either, but the United States did want to discuss the matter with the Turks as soon as possible because they had informed us of the meetings in London in October. (780.5/11-552)

This *aide-mémoire* was transmitted to London in telegram 3155, to Cairo in telegram 952, and to the Embassies in Amman, Ankara, Baghdad, Beirut, Damascus, Jidda, and Tel Aviv on Nov. 5. (780.5/11-552)

Middle East Defense Organization which took place in London from October 16 to 18.[2]

The United States Government has given most careful consideration to the views of the United Kingdom and Turkey on the desirability of the first approach on the Middle East Defense Organization being made to Iraq by Turkey.

The United States Government after full reflection on the views set forth by the United Kingdom and Turkey, still believes that Egypt, not Iraq, is the key to this question and that no other Arab state would be willing to consider participation in the Middle East Defense Organization until the present difficulties between Egypt and the United Kingdom are settled. The United States Government shares the desire of the United Kingdom and Turkey for the early establishment of the Middle East Defense Organization. Therefore if Egypt is the key to its establishment, as the United States Government believes, our efforts at this time should be concentrated on the principal objective.

It is the firm belief of the United States Government that an approach to Egypt at this time regarding the Middle East Defense Organization will not succeed unless it is accompanied by a clear and precise offer to Egypt with respect to a prompt settlement of the Suez Canal Base question.

It is also the belief of the United States Government that material assistance to Egypt by the United States and the United Kingdom which will give the Naguib Government tangible evidence of support to his regime is an indispensable element to the achievement of the objectives which are sought. Material assistance would include such arms as might be considered necessary to raise the level of the Egyptian Armed Forces to the point where they could play a useful role in Middle East defense.

The United States Government therefore proposes that the United Kingdom urgently formulate the precise lines of a Base settlement which would be strategically acceptable to the Western powers, but which would, at the same time, stand a chance of acceptance by the Naguib Government. Such a settlement would probably have to include the principle of evacuation of British troops on a phased basis. In this connection it is noted that certain proposals regarding a settlement are now being considered by the British Government.

At such time as the elements of a Base settlement have been formulated, which we believe could be accepted by Egypt, it is proposed that the United States would approach General Naguib and suggest that the United States, United Kingdom and Egypt work out in secret both the Suez Canal Base settlement and Egyptian adherence to common defense planning. It is also proposed that at some appropriate stage after the agreement had been worked out secretly, the United Kingdom would announce its plans regarding evacuation. Egypt would at the same time undertake to work as rapidly as possible towards public announcement of its adherence to the Middle East Defense Organization.

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[2] A copy of the British document of Oct. 27 has not been found in Department of State files; but see telegram 911 to Cairo, repeated to London as 3072, Oct. 31, *supra*.

Prior to or concurrent with the approach to General Naguib suggested in the above paragraph, it might be possible to work out a program of assistance to Egypt, both in the military and economic fields, which would make more possible an agreement concerning the Base and the Middle East Defense Organization.

The United States Government also proposes that the initial secret approach to Egypt should be followed without undue delay by an exploratory approach to the other Arab states on the Middle East Defense Organization. It is believed that a favorable course of United States-United Kingdom-Egyptian negotiations would improve the climate of discussions with the other Arab states. The timing of the approach to the other Arab states would depend to some degree on the reception which would be accorded by General Naguib to the initial approach to Egypt.

It is apparent that it will not be possible to obtain Egyptian participation in common defense planning without a settlement of the Canal Zone Base problem. Since it is generally desired to establish the Middle East Defense Organization as soon as possible and since this can best be done with Egyptian adherence, the United States considers that the United States and the United Kingdom should press forward with all possible speed in working out the various elements of the Base settlement and an approach to Egypt. The United States is encouraged by the improved atmosphere with respect to the Anglo-Egyptian situation and by the progress which is apparently being made on the Sudan, compensation and other matters. The United States believes that it would be desirable to take advantage of the present opportunities to initiate negotiation of a settlement with Egypt.

The United States for its part would be willing to take an active part in the negotiations with Egypt with a view to facilitating an agreement between Egypt and the United Kingdom. [3]

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[3] For the interim British reaction, see the memorandum of conversation by Ortiz, Nov. 10, *infra*.

No. 106

780.5/11-1052

Memorandum of Conversation, by Frank Ortiz of the Office of Near Eastern Affairs [1]

SECRET [WASHINGTON,] November 10, 1952.

Subject: Interim British Reply to U.S. Views on MEDO Approach to Iraq

Participants: Mr. B. A. B. Burrows, Counselor of the British Embassy
NEA—Mr. Jernegan
NE—Mr. Ortiz

Mr. Burrows, Counselor of the British Embassy, called at his request to report on the interim British reaction to our memorandum of November 5 [2] giving our views on the advisability of an approach to Iraq to join the MEDO. Mr. Burrows gave the Department's representatives the following extract from a Foreign Office telegram of November 8 which was indicative of the British reaction to our November 5 note:

> "As far as Turkish soundings in Iraq are concerned, the Turkish Government have told us that they have now decided to defer any specific approach until after the Iraqi elections.
>
> "We agree with the State Department that the Egyptian attitude is the key factor and that an approach to Egypt regarding M.E.D.O. is unlikely to produce any positive result unless it is accompanied by proposals for a settlement of the Suez Canal question. We welcome the United States expression of interest in negotiations with Egypt with a view to facilitating an Anglo-Egyptian agreement and we will produce proposals for a settlement for discussion with the Americans as soon as possible.
>
> "As regards the suggestion of a programme of military and economic assistance we consider that such an offer should be linked with acceptance by Egypt of the principle of joint defense and preferably worked out through M.E.D.O. It will be our main inducement to Egypt to co-operate in Middle East defense.
>
> "In the meantime, we propose to continue to try to reach firm agreement with the other Sponsor Powers on the functions and form of M.E.D.O."

Mr. Jernegan, while acknowledging the interim nature of the British reply, pointed out that with respect to the third paragraph of the reply it would not be possible for either the U.K. or the U.S.

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[1] This memorandum of conversation was prepared on Nov. 12. An account of the conversation was transmitted in circular telegram 539, Nov. 12, to Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Jidda, London, and Paris. (780.5/11-1052)

[2] *Supra.*

to take a firm position on military and economic assistance to Egypt until a reply from the Egyptian Government to our message of October 6 had been received and studied. In our message we made clear that U.S. assistance to Egypt would be largely conditioned by the attitude of the Egyptian Government towards cooperating in the defense of the Near East. Insofar as economic assistance to Egypt was concerned, the Egyptians have so far not made any specific requests of great significance. The U.S. in the meantime is continuing to expand its Point IV Program. [3]

Mr. Jernegan indicated our agreement with the wisdom of the Turkish decision to defer any specific approach to Iraq until after the Iraqi elections had taken place. He said that the U.S. assumed that there would be further consultation on the subject of initial MEDO approaches.

Aside from these comments, it was agreed not to go into greater detail in view of the provisional nature of the British reply.

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[3] For the Egyptian reply received by the Embassy in Cairo on Nov. 10 and considered by the Department to provide the basis for a limited program of assistance "at this time", see Document 1024. Accordingly, the Department on Nov. 21 initiated a series of exchanges with the Department of Defense, extending to Dec. 29, in which the Department of State formally recommended the extension of certain military aid to Egypt as being politically essential for the purpose of obtaining desired U.S. politico-military objectives in the Near East. For those exchanges, and related documentation, see Documents 1031 ff.

No. 107

780.5/11-1352: Circular telegram

The Secretary of State to Certain Diplomatic Missions [1]

SECRET WASHINGTON, November 13, 1952—7:22 p. m.

544. Dept officially informed UK Govt proposes inform Pak Govt of MEDO proposals with explanation that if Pak desires come in as participating member proposed planning org it wld be welcome. [2] Fol is summary of document left with Dept by UK Emb stating UK position this subj. [3]

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[1] Sent to Karachi, New Delhi, London, Paris, Ankara, Canberra, Wellington, and Pretoria. Drafted by Metcalf and cleared by NE, NEA, GTI, BNA, SOA, S/MSA, and S/S-CR.

[2] Two officers from the British Embassy called at the Department of State on Nov. 5 to present a memorandum containing proposals the United Kingdom was making to all the sponsoring powers of the Middle East Defense Organization regarding a proposed invitation to Pakistan to participate in NATO. (Memorandum of conversation, Nov. 5; 780.5/11-552)

[3] The British memorandum entitled "Middle East Defence Organization," not printed, is in PPS files, lot 64 D 563, "Near and Middle East, 1952-53".

Begin summary. Assoc Pak in defense ME has always been object UK policy. Pak potentially has valuable contribution make to ME defense. It occupies strategic position great importance to control of Persian Gulf. Moreover Pak anxious play leading part among Moslem powers of ME and realizes disturbances in ME affects its own security.[4]

However soundings of GOP in past indicated that in their view it wld be difficult enter into any external commitments so long as Kashmir unsettled. Care will be needed therefore to avoid approaching Pak in such way to get definite negative reply which wld be embarrassing for future. It must be recognized also that in present circumstances amount practical assistance which Pak cld give wld be extremely limited.

MEDO offers opportunity ventilating with Pak possibility its assoc now or future date while avoiding difficulties with which proposal for full scale command org at this juncture wld have confronted GOP and UK. Moreover if Arab states are to be approached re MEDO Pak wld be affronted if UK did not take it equally into its confidence.

UK proposes therefore to inform GOP re MEDO proposals, explaining these proposals still under discussion between sponsor powers and that steps being taken to sound out attitude selected Arab states. UK HICOM Karachi wld also explain that if Pak desired come in as participating member MEDO it wld be welcome; but decision must be matter for Pak itself and if it felt it to be decision which it wld prefer postpone that wld be understood.

In view Ind gen policy "non alignment" Ind participation in MEDO does not arise. At same time it is important inform GOI at early stage what arrangements are proposed, not only on gen grounds but also because otherwise approach to GOP might give rise to dangerous rumors and suspicions in Ind. Apart from Ind fear that Western powers, in seeking to secure Pak coop, will strengthen Pak against Ind, latter has always been nervous of moves which might be regarded as tending to entangle subcontinent in Western-Sov struggle. It is probably not fully possible to dispel such suspicions but it is very desirable every effort shld be made insure Ind attitude toward MEDO and toward approach to Pak is not unfriendly. UK proposes therefore inform GOI informally of MEDO proposals and of communication made to Pak. It wld also inform Pak nature info given to Ind.

UK ready make these approaches to Pak and Ind at any time once process approaching Arab states begins but exact timing wld depend on circumstances. UK trusts there will be no objection on part sponsoring powers in proceeding along above lines. Similar communication will be made to govts of France, Turk, Austral, NZ and SoAfr. *End summary.*

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[4] Telegram 808 from Ankara, Feb. 22, 1952, not printed, reported a conversation on Feb. 21 between Ambassador McGhee and Zafrullah Khan, the Foreign Minister of Pakistan who was visiting Turkey at the time. McGhee reported the Foreign Minister urged the Turks to show more sympathy for the Arab States; suggested closer consultation among the Moslem States, using the British Commonwealth as an example; and suggested a meeting of the Moslem Prime Ministers. (682.90D/2-2252) Telegram 1008 from Ankara, Apr. 3, not printed, suggested that initiative such as that taken by Pakistan in calling a meeting of the Moslem States, might be a stabilizing element in the Middle East if divorced from religion and based on solid political, strategic, economic, and cultural factors. (780.00/4-352) The proposed meeting of the Moslem States was not held.

Depts position re UK proposal has been communicated to UK Govt and is summarized as fols:

1. Dept plsd with UK proposal and if circumstances appropriate will be prepared support UK its approach. UK aware that GOP rep approached US during Jul 1952 re credit assistance of about 200 million dols for US arms.[5] If question arms assistance arises between Pak and US in context Pak assoc with MEDO, Dept proposes to say that under present circumstances there obviously can be no firm program for 1954 FY but that US wld want to take into account in its future program for ME Paks participation.
2. Dept shares UKs concern over possibility unfav Ind reaction and also shares fully its desire minimize Ind suspicions. Dept therefore will welcome further consultations to this end; in meantime it agrees with UK proposal to inform Ind.
3. Info as to timing proposed talks with Ind and Pak will be appreciated. Dept considers approach to Pak might be made most appropriately at about time matter first discussed with Arab states. *End summary.*

Foregoing FYI and guidance if approached on subj by FonOff.[6]

BRUCE

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[5] For documentation, see vol. xi, Part 2, pp. 1818 ff.

[6] The reply to this telegram from the Embassy in New Delhi is printed *infra*. Other replies are in Department of State file 780.5. Telegram 680 from Ankara, Nov. 21, not printed, transmitted the text of the Turkish reply to the British note, handed to the Embassy on Nov. 20. The Turkish reply stated it would be just and proper for the British to inform Pakistan about the Middle East Defense Organization, but it suggested that Pakistan not be invited to join because of possible strong adverse reactions from India and Afghanistan. (780.5/11-2152)

No. 108

780.5/11-2052: Telegram

The Ambassador in India (Bowles) to the Department of State[1]

SECRET NEW DELHI, November 20, 1952—7 p. m.

2119. Ref cirtel 544, Nov 13.[2] Organizations such as UN, NATO, MEDO, ANZUS and bilateral arrangements are beginning of effective collective security system which is vital to world security and therefore to US security.

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[1] Repeated to Karachi, Kabul, Tehran, and London.

[2] *Supra.*

On these grounds no sensible person cld question creation of MEDO or eventual inclusion of Pak in its orbit. For reason of geography, history, politics, economics and religion, future Pak is closely linked with that of countries to its immed west and they with Pak. In face of threat of Sov aggression all of them must sooner or later hang together or assuredly they may hang separately.

I wld however raise two serious points regarding recent agreement to invite Pak to participate in MEDO at this time. These points relate to effect on other ME countries such as Iran, Afghan and India and to concept of participation itself. I, of course, speak without authority of intimate knowledge of Iran and Afghan.

I wonder, however, if Pak participation MEDO at this time may not increase Sov pressures on these two countries, and if Afghans and Iranians will not resent any move to strengthen org in which they do not participate. Wld welcome views of Ambs Henderson and Ward.

On India's reaction I can speak with far more knowledge and assurance. There is no doubt whatsoever that India will be deeply resentful and fol developments appear inevitable.

1. GOI and public opinion leaders will accept move as confirmation London rumored US deal for a Pak base.
2. It will be assumed that US-UK res on Kashmir which everyone here both in and out of govt considers strongly pro-Pak and anti-India is down payment for these bases.
3. Fact that UK, France and South Africa, all of which are regarded in Asia as colonial powers are assoc with move will be accepted as evidence that US is party to an effort to perpetuate a dying colonial order in name of collective security.
4. Timing of this move following election of new US admin will indicate that a basic change of US fon policy with greater emphasis on military is already under way.
5. Effect on US-Indian relations will certainly include extreme coolness and increasing tendency to reject sincerity of our views on such broader issues as Korea, NATO and disarmament. Bitter statements will surely be made here by Nehru and others which will stimulate similar responses in US. As a result Indian economic aid situation will face new difficulties. Much of the ground gained in them last several months will be lost.
6. Soviet and Commie Chi will be given a shiny new propaganda weapon with which to "prove" that US has at long last "shown its true imperialistic colors".
7. Ind-Pak relations will become far more explosive and any hope of settling Kashmir dispute will be greatly reduced. Although these reactions may appear both ridiculous and unrealistic to Dept they are almost certain to materialize and they will come from many sincere Indians ardently anti-Commie and pro-US. It wld be the worst kind of folly for us to brush them aside.

I hope that the Dept will consider carefully my October 28 letter to the Secy [2] on what we believe to be the danger India's slipping behind the Iron Curtain in next few years and direct and indirect results of such a disaster. Whatever mil benefits may be derived from participation of Pak in MEDO must be carefully weighed against the certain reaction here.

The dangers to US-Ind relations cld be lessened somewhat by broadening concept of MEDO participation to include Iran, Afghan, India and even Ceylon as well as Pak. If that were done—even with certainty of refusal by one or all, at least India wld have less basis for imagining participation were directed against her. But regardless of how the cloth is cut Dept must understand that this proposal will have serious repercussions here. [3]

BOWLES

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[2] For text, see vol. xi, Part 2, p. 1668.

[3] Telegram 1595 to New Delhi, Nov. 28, not printed, informed the Embassy the Department of State was keenly aware of the possibility of an adverse Indian reaction and desired to minimize that reaction in every way. It added that continuing consideration was being given to the problem, and no approach had yet been made to Pakistan. (780.5/11-2052)

No. 109

State-JCS Meetings, lot 61 D 417

Department of State Minutes of State–Joint Chiefs of Staff Meeting [1]

TOP SECRET [WASHINGTON,] November 28, 1952.

PRESENT

General Bradley
General Vandenberg
General Collins
General Lemnitzer
General Lee
General Slaton Bradley
General Cabell
General Shepherd (Marine)
Mr. Nash
Mr. Hoopes
Adm. Wooldridge

Mr. Bruce
Mr. Matthews
Mr. Bohlen
Mr. Nitze
Mr. Byroade
Mr. Jernegan
Mr. Bonbright
Mr. Ferguson
Daspit
Mr. Stelle
[Mr. Bissell]

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[1] The meeting was held in the Pentagon at 3:45 p. m. A notation on the first page of the minutes reads: "Draft not cleared by any participants."

General Bradley explained that the JCS had arranged this briefing session for the State Department in reply to the Department's request for an appreciation of the problem of holding the Middle East and the force requirements involved. He said that the Joint Chiefs had not as yet made a detailed study of the Middle East and that for purposes of this presentation, principal reliance would have to be placed on British estimates. The estimates presented were based on a joint US–UK field study and were the best currently available. Undoubtedly they would be further improved as we secured better intelligence on the capabilities of the Near Eastern countries, concerning which as yet we have relatively little first hand information. They will also be subject to change on the basis of such further information on enemy capabilities as may be afforded by intelligence operations and reconnaissance. The basic strategic concept in this appreciation—the holding of the "outer ring"—was British. It involved the holding of a line based on the Taurus Mountains in Southern Turkey and the Zagros Mountains in Iraq and Iran, and would thus safeguard the major oil production areas of the Middle East. The nature of the terrain was such that, to carry beyond the mountain line, a Russian offensive would have to funnel through mountain defiles or passes; thus the ground defense of the area would involve primarily the task of holding these passes.

The estimated threat and the forces in terms of US divisions needed to meet the threat were shown in a table reproduced below:

	The Threat	*Needed To meet threat*	
	Ground		*Reserves*
Cilician Gates	2 divs. D+5 5 Divs. D+7	3 Divs.	2 inf.
Malatya Pass	2 divs. D+5 6 Divs. D+7	4 Divs.	1 armored
Ruwandiz Pass	1⅓ divs. D+1-D+4	1⅓ Div.	
Senna Pass	⅔ divs. D+1-D+4		
Partak Pass	5 divs. D+1-D+4	3 div.	2 inf.
Khurammabad Pass	2 divs. D+1-D+4	1 div.	1 armored
Bandar Abbas	⅓ divs. D+1-D+4	⅔ div.	
Total	20⅓ divs.	17 inf., Air	2 armored
1,400 Tactical A/C		1,200 A/C	

Aircraft requirments shown are exclusive of assistance which might be provided by aircraft carriers in the Mediterranean.

In addition to the ground forces shown in the table, the Soviets might also drop up to three airborne brigades at any place behind the line. One could get some idea of the scope of the operations involved in this plan by comparing the length of the line, which was approximately 1,780 miles, with the 150 mile length presently held by the United Nations in Korea.

The Soviets' principal naval effort would be directed at the disruption of sealines. In the Mediterranean, the threat would be minor at first but would increase as the Soviets conquered Mediterranean ports. The principal Soviet effort in the Red Sea and the Persian Gulf would be mine laying from the air.

The following forces are presently available to meet a Soviet offensive:

NOW AVAILABLE TO MEET REQUIREMENTS

	Ground	*Air*	*Sea*
Turkey	9 inf. 1 armd. div.		
UK	1 inf.	UK 250 A/C	
Jordan	⅓ inf.		
Iraq	⅔ inf.		
Total	11 inf. 1 armd. div.		
Deficit	6 inf. 1 armd. div.	950	30–40 AMS

Necessary logistical and support troops represent an additional ground deficiency, not shown in the table. Of the 1200 aircraft required, the UK has only about 136 presently available, but these might be built up to 250 within a relatively short period. The Turkish Air Force could be utilized for limited support of ground forces but no other assistance is in sight and the net deficit would stand at around 950 aircraft. Naval air strength in the Mediterranean might provide some assistance, but this would be necessarily limited. The only Naval deficits would be approximately 30 to 40 coastal craft and mine sweepers.

By 1955 it might be possible to build up the following defensive strength in the area.

POSSIBLY AVAILABLE BY 1955 TO MEET REQUIREMENTS

	Ground	*Air*		*Sea*
Turkey	9 inf. 1 armd.			
UK	1 inf. 1 armd.	UK	465	
Iraq	2 inf.	Turkey	75	
Iran	1 inf.	Israel	80	
		Total	620	
Israel	2 inf.			
	16 inf. 2 armd. div.			
Deficit	1 inf.		580	30–40 AMS

On the basis of the build-up assumed in the above table there would be in 1955 a ground deficit of one infantry division plus the necessary supporting troops and an air deficit of about 580 planes, the equivalent of eight US wings. It was possible that Australia and New Zealand might assist in meeting the ground force deficiencies and the aircraft deficit might be reduced somewhat by the use of carrier planes.

General Bradley emphasized that the figures for potential ground strength were based on the most optimistic assumptions. It was also necessary to make clear that the sources of equipment for the additional ground forces shown had not been determined and that UK build-up capabilities were not known. The requirements for troop transport and logistic support were omitted because these must depend on the detailed plans adopted.

General Bradley concluded his presentation by emphasizing the need for the early establishment of a Middle East Defense Organization which would do the military planning required and urged that the maximum effort be made to solve as much of the Middle East political problem as possible.

Mr. Bruce: Does the estimate of the net build-up required by 1955 imply no increase in U.S.S.R. strength available for a Middle East attack?

General Bradley: That is correct. The Soviets have had the same total number of divisions for the last several years. Although they are constantly improving the quality of existing forces there has been no increase in quantity.

General Collins: The estimates assume that the attack on the Middle East would be part of a world war and the forces shown are those which it is estimated the Soviets could support in the Middle East.

Mr. Bruce: The estimates also reflect our knowledge of present Soviet troop dispositions, do they not?

General Bradley: Yes. And they also take into account lines of communication and the forces which could be supported over these lines.

Mr. Bruce: Is it assumed that the attacking forces would be exclusively Russian?

General Bradley: No. We must take into account the possibility that some satellite forces would be used in an attack against Western Turkey.

General Collins: What we have here is an estimate of what the U.S.S.R. and its satellites could do against the Middle East while moving simultaneously against Europe and the Far East. G–2 estimates that they would have 23 to 24 divisions available out of a grand total of 175.

General Bradley: The estimates assume that after the Turkish retreat to the Taurus Mountain line, there would be 10 Turkish divisions left. Naturally, we hope that the Turks would be able to hold a line farther forward. We cannot assume however that the Turks will provide any portion of the estimated force deficiency outside of Turkey.

General Collins: The nature and direction of the Russian threat will depend on what they consider to be the most important strategic objective. Is it the Suez or Persian-Iraqi oil? If it is the oil, they might succeed in taking this objective without attacking Turkey at all.

Mr. Matthews: Would there not be an advantage in attempting to create the six additional Turkish divisions which have been discussed from time to time?

General Collins: There is no doubt but what six mobile Turkish divisions would constitute a potent threat on the flank of a Russian advance. However, if the objective is the oil fields of Iran and Iraq, they could reach these while by-passing Turkey entirely.

Mr. Byroade: What are our estimates as to the speed of the UK build-up?

General Bradley: By D+6 months they would expect to have a total of 5 divisions in the area. The 2 divisions shown in the table would be in the area on D-day. There will be some problem as to where to station these forces if the British evacuate the Suez. Some of them could be placed in Cyprus, of course.

General Collins: It will also be a problem to find a place to stockpile the necessary ammunition and equipment. As far as troops are concerned, we might have a very useful addition if we could bring Pakistan to cooperate. Of course, we realize a settlement with India will be necessary before this is possible.

Mr. Byroade: We have received a pretty clear indication that the Pakistanis would join with us provided that sufficient equipment was promised to make possible a really substantial build-up of Pakistani forces. Any such move as this would of course run directly into the Kashmir problem[2] but we may have to meet this one head on, sooner or later.

Mr. Matthews: The table shows no contribution from the Commonwealth. Isn't it possible to get some forces from Australia, New Zealand and South Africa?

General Bradley: None of these countries has any peace-time military establishment so that forces must be raised, trained, organized and equipped. It would be a good performance to have any forces from these countries in action in the Middle East inside a year after hostilities begin.

Mr. Nitze: The air deficiency looks very serious.

General Vandenberg: That is largely a question of equipment and what can be made available.

General Bradley: The difficulty is the great expense of maintaining airforces. Even when we have promising personnel with which to build up indigenous forces, this can only be done at the cost of a substantial contribution from the United States. We are discovering this in Turkey.

General Collins: The Turks can barely maintain the ground forces they have now. Air strength comes at our expense.

Mr. Jernegan: Must we also consider the possibility of a Soviet attack on Afghanistan and Pakistan simultaneously with a thrust through Iran?

General Bradley: Yes, that must be considered a definite possibility. The U.S.S.R. would be very concerned about the airfields in these countries which are very close to important Russian strategic targets. Unless there is sufficient strength in being to serve as a deterrent, the U.S.S.R. would probably move to eliminate this threat.

General Vandenberg: When I was in India recently I found that in spite of the official line of the Indian political leaders, the military officials are very concerned about the Communist threat. The Chinese Communists are building important airfields in the area just North of India and Communist intentions do not appear as peaceful as Nehru asserts.

Mr. Byroade: Should we now make plans with the British to attempt to hold a piece of the area before 1955?

General Collins: Before we answer that we have got to decide what our main interest is. Is it oil, the gate-way to Africa, or the Arab States? What you decide will affect substantially what you do. I think we could probably hold the Suez, but there is no chance to hold the Persian Gulf. In the event of war, no one is going to get refined oil products out of the Middle East. The refineries can be readily put out of commission by air attacks. As for unrefined products, the Soviets won't get much. There is only one railroad from the oil producing areas into Russia and this is highly vulnerable. There is also one highway over which the oil could be trucked but the Russians lack tank cars. The West will not get much oil either. The pipelines to the Mediterranean could be easily broken while the entry to the Persian Gulf is so narrow that passage by ship could be interdicted by land forces moving to the Bandar Abbas area. We should make plans now to fight without Middle East oil and should take the steps necessary to develop adequate alternative sources in Canada, Mexico and elsewhere.

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[2] For documentation, see vol. XI, Part 2, pp. 1162 ff.

Mr. Matthews: But we are agreed that MEDO should be established and that the Arabs should be included in the organization. If we bring them in, we must do something to convince them that we are interested in their defense.

General Bradley: As I see it, the MEDO objectives will be largely political. From the military point of view, it would be enormously easier to hold the inner ring which would involve pulling back to the Malatya Pass and maintaining a line Southward parallel to the Mediterranean Coast. . . .

Mr. Nitze: Wouldn't the air requirements be as great for the inner ring as the outer ring?

General Bradley: The requirements for support aviation would certainly be less.

Mr. Byroade: If we get Congressional authority in line with the State-Defense request for Middle East military funds, should we begin to shoot next year at meeting 1955 requirements?

General Bradley: Anything we do on the basis of the authority requested will necessarily be of a token character. The funds involved will not permit anything larger. Actually, before we start any large-scale effort to build up indigenous forces I think we would want more evidence of the willingness of the Middle East states to cooperate. We will want to have the Middle East Defense Organization a going concern. This would parallel NATO development, where the organization was established and the foundation laid before any substantial programs were begun.

Mr. Bissell: In the table of force contributions by 1955, only certain Middle East states are included. Why are Egypt and Syria, for example, omitted?

General Bradley: You must remember this is a UK estimate. Possibly the British expected to secure smaller units from Syria, Egypt and Saudi Arabia. One of the factors considered was certainly the difficulties of the supply situation.

General Collins: You have got to remember there is only one railroad line on the outer ring and, properly speaking, only one road. There is no provision in this estimate for logistical support and the whole thing is constructed on the most optimistic assumptions possible. For example, Iraq and Jordanian divisions are equated with those of the UK and Turkey.

Mr. Bissell: If we decided to support more air forces in the area, what would be the best way? Should we attempt to build up indigenous forces as in Turkey?

General Bradley: If we move forward with the MEDO and plan in terms of a forward line we must count on the use of some indigenous forces.

General Vandenberg: Air strength for the area must be US and Turkey. We might be able to teach the nationals of some of the other states to fly but to teach proper maintenance of equipment would be impossible inside of 4 or 5 years. The Turks, on the other hand, have made considerable progress in learning to maintain equipment.

Mr. Nitze: Should we try to do anything about building up air fields in the area?

General Vanderberg: We should always bear in mind the danger involved in constructing air fields in areas which we are unable to defend. They are easy to capture and to operate and unless we have air units to defend them we will be making a present to the enemy.

General Collins: To hold air fields you have got to have ground forces and anti-aircraft. There is no use to build up air fields unless you provide for their defense.

Mr. Nitze: What about air fields for the defense of the Suez?

General Vandenberg: There is already in Egypt and the Mediterranean littoral a fair complex of fields which could be used by modern aircraft.

General Collins: We have talked about the difficulties involved in our attempt to hold the outer ring. By the same token it would be very difficult for Russia to support forces for an attack on the Canal.

General Bradley: Some think it would be impossible for the Russians to launch a substantial attack on the Canal until they captured some Mediterranean ports and moved down the coast.

No. 110

Editorial Note

Telegram 2610 from Paris, October 28, not printed, reported that on October 25 the French Ministry of Foreign Affairs had delivered to the Embassy a reply to the Department of State *aide-mémoire* of October 14. (Regarding this *aide-mémoire,* see telegram 2155 to Paris, Document 94.) The final paragraph of the telegram reads: "I believe general atmosphere in Fon Off among those concerned with MEDO would be greatly improved if Dept would agree, as proposed by French, to discussions with representatives Brit and Fr Embs Washington on subject of liaison between NATO and MEDO. If Dept's reply to French proposal re liaison mission is favorable and can be given quickly these discussions perhaps unnecessary. However, if Dept's reply is protracted or is unfavorable, I think it would be great mistake not to agree to trilateral or bilateral discussions." (780.5/10-2852)

Telegram 2611 from Paris, October 28, not printed, transmitted a free translation of the text of the French reply dated October 25. (780.5/10-2852) Despatch 988 from Paris, November 3, enclosed a copy of the French reply and a translation. (780.5/11-352) The French Note stated that since it appeared the opinion of the United States Government was somewhat different from that of the French Government on the question of the liaison to be established between the North Atlantic Treaty Organization and the Middle East Defense Organization, the French Government persisted in its belief that tripartite conversations could facilitate agreement on the subject.

The French reply added that the French Government considered it unnecessary, at least in the planning stage, to place the Middle East Defense Organization under the authority of the North Atlantic Treaty Organization Standing Group, since the planning group of the Middle East Defense Organization should be responsible only to the member governments of the organization through its military committee. The French considered it essential, however, that the Standing Group should be able to make known its suggestions or objections in the field of objectives and distribution of men and matériel between NATO and MEDO. For this reason, the French suggested the best method would be for the Standing Group to attach a liaison mission to MEDO for the purpose of constant liaison between the two organizations. They also suggested that the Turkish military representative in Washington participate in the deliberations of the Standing Group when it examined questions relating to the Middle East Defense Organization.

Telegram 2775 to Paris, November 13, not printed, informed the Embassy that "although Fr proposal for ultimate formal authority of SG in MEDO and for SG liaison Mission to MEDO Planning Grp in prelim phase unacceptable, Dept hopeful may be possible work out some interim liaison arrangement which will prove acceptable FonOff." (780.5/11-1052) The United States reply to the French Note was transmitted to the Embassy in Paris in telegram 3184, December 4, *infra*.

No. 111

780.5/10-2852: Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, December 4, 1952—5:21 p. m.

3184. Embtel 2611. Fol reply to Fr note of Oct 25 [2] re MEDO shld be presented FonOff by Emb: [3]

US Govt pleased its recent exchange of views with Fr Govt concerning relations proposed MEDO with NATO has shown two govts to be in full agreement as to importance of assuring that work of MEDO Planning Group shld be conducted with proper regard for NATO strategic objectives and plans. This govt also pleased at progress made in bringing together views of the two govts as to arrangements for serving this objective.

US Govt regrets however it is unable accept proposal put forward by Fr Govt in its *aide-mémoire* of Oct 25, 1952 for establishment of formal liaison mission to represent NATO Standing Group at headquarters of MEDO Planning Group. US Govt considers that this proposal is open to the fol objections:

A. Estab of a Standing Group liaison mission in manner proposed wld require approval of North Atlantic Council and might be cause of concern to some member govts. Creation of such a mission wld emphasize Western aspects of MEDO and might make more difficult task of negotiating with Arab States for their entry into org. At the least, it might well justify Arab States in demanding similar mission to represent Arab League.

B. Proposal to add Turkish representation to Standing Group when that body considered MEDO matters wld have effect of de-

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[1] Drafted by Daspit on Nov. 28; cleared by NEA, EUR, RA, BNA, S/P, S/S-CR, WE, and the Office of the Secretary of Defense. Repeated for information to London as telegram 3756.

[2] Not printed, but see the editorial note, *supra*.

[3] Despatch 1263 from Paris, Dec. 10, informed the Department of State that a copy of this telegram dated Dec. 6, had been handed to the French Ministry of Foreign Affairs on Dec. 6; a copy of the note was enclosed. (780.5/12-1052)

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stroying principle of three-power Standing Group to which US Govt attaches greatest importance.[4] If Turkish representation were added to Standing Group for ME matters it wld be difficult reject requests of other NATO members for representation when matters of particular concern to them considered. It is recognized that this proposal was made in deference US views as to importance including Turkey in any MEDO directing organ, but MEDO arrangements shld not be allowed impair NATO structure.

C. Since MEDO Planning Group is body out of which Command org for ME is expected evolve, any liaison arrangements with NATO required in early stages of MEDO's development shld properly be made with corresponding NATO bodies—i.e., the Eur Command, or appropriate subordinate commands, and not with Standing Group which provides guidance and direction to SACEUR. As US, UK and Fr tentatively agreed at Rome Nov 1951,[5] such liaison arrangements can best be worked out after MEDO is established.

D. It is recognized that liaison arrangements of character described in C above wld not result in bringing to bear on work of MEDO Planning Group the informed knowledge of NATO strategic objectives and plans which both US Govt and Fr Govt consider essential. In view this govt however this objective can best be served, not by means of intermediary organ for transmitting communications between NATO Standing Group and MEDO Planning Group, but by placing MEDO Planning Group reps of US, Fr, UK and Turkey in position to receive authoritative guidance on NATO objectives and plans from their govts.

In its *aide-memoire* of Oct 14, 1952,[6] US Govt proposed that arrangement shld be made outside formal MEDO and NATO orgs and without formal status, whereby mil reps of US, Fr, UK and Turk might coordinate their views on appropriate MEDO matters and communicate these views to reps of the four powers on MEDO Planning Group. US Govt hopeful that fuller explanation of this proposed arrangement set forth below will persuade Fr Govt that objective of effectively coordinating the work of MEDO during its prelim phase with that of NATO can be accomplished by this means.

The arrangement envisaged by US Govt wld be informal and flexible. Each of four govts mentioned above wld designate a mil officer to represent it at discussions to be conducted in Washington at such intervals as appeared desirable. The object of these discussions wld be develop a coordinated four-power view on problems of major concern to MEDO Planning Group. Adequate coordination with NATO wld be assured by each govt designating as its rep an officer thoroughly conversant NATO plans and objectives, and, in case of US, France and UK, with work of Standing Group. As indicated above, US Govt considers it important avoid identification of proposed group with NATO Standing Group, and US rep in these discussions wld probably be officer not directly assigned to Standing Group or Standing Group Staff.

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[4] See the editorial note, *supra*.

[5] For documentation on the November 1951 talks, see *Foreign Relations*, 1951, vol. III, Part 1, pp. 693 ff.

[6] See telegram 2155 to Paris, Document 94.

As to methods of operation, group might be apprised of problem on initiative of any one of four member govts. Issues on which reps of four govts on MEDO Planning Group required guidance cld be formulated by them and forwarded to one or all of four country reps in Washington through governmental channels. Coordinated views developed in four-power discussions cld be transmitted to each of country reps on MEDO Planning Group through same channels. By this means, it wld be possible supply MEDO Planning Group with continuing advice informed by thorough knowledge of NATO plans and objectives. NATO Standing Group, correspondingly, cld be kept currently informed of MEDO developments and wld be in position to cause consideration of a problem by *ad hoc* group if it appeared desirable.

As US Govt stated in its note of Oct 14, 1952 more formal arrangements will no doubt be required as MEDO develops. However, this govt unable give assurances concerning ultimate form of these arrangements which Fr Govt requested in *aide-mémoire* of Oct. 25, 1952. As stated in *aide-mémoire* of Oct 14 referred to above, Standing Group paper "Command in the Medit and ME" (S.G. 80/4)[7] was prelim study. It was of illustrative character, outlining an org into which Greece and Turk "might fit," and was presented to mil reps "for info". MEDO arrangements since agreed to have in several instances been markedly at variance with those suggested Standing Group study. This Govt has no record of having made any commitment at Ottawa, or elsewhere, on basis doc S.G.80/4 to extend auth of Standing Group to ME. Moreover, for reasons set forth in *aide-mémoire* of Oct 14, 1952, US Govt wld consider it unwise attempt at this time fix structure of Command org which may ultimately be developed.

Dept is prepared discuss arrangements proposed above with reps of Fr Govt in Washington if the Fr Govt shld so desire. US Govt will also be prepared at an appropriate time discuss with Fr, UK and Turk Govts problems involved implementing these proposals. In view this govt, such discussions might best take place after initial approach to Arab States has been made.[8]

ACHESON

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[7] See footnote 4, Document 94.

[8] In connection with the December NAC meeting in Paris, NEA drafted a paper for Secretary Acheson, PBT D-2/1, dated Dec. 9, not printed, which gave a résumé of the situation regarding the French proposal for liaison between MEDO and NATO, in the event that French Foreign Minister Schuman might raise the subject. (Conference files, lot 59 D 95, CF 129)

No. 112

Editorial Note

The Secretary of State was engaged in ministerial level talks with British Foreign Secretary Eden and French Foreign Minister Schuman at the Seventh Regular Session of the United Nations General Assembly in New York in November, and at the North Atlantic Council meeting in Paris in December. Nothing significant developed in either case in respect to the MEDO situation. Two position papers were drafted for Acheson for the New York meeting: document NYT D-2, November 8, 1952, "Egypt and MEDO," and document NYT D-4/3a, November 11, 1952, "Liaison between NATO and MEDO." (Conference files, lot 59 D 95, CF 134) One paper was drafted for the NAC meeting: document PBT D-1/6, December 10, 1952, "Egypt." (Conference files, lot 59 D 95, CF 129)

In addition, at the General Assembly session, Acheson spoke with a number of Foreign Ministers of the Middle East area, who were in New York for the session. Those conversations consisted mostly of exchanges of amenities, although there was some discussion of the Palestine problem and the question of Tunisia, which was on the agenda for discussion at that session. The memoranda of these conversations are in Conference files, lot 59 D 95, CF 132 and CF 133.

No. 113

780.5/2-3152: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State [1]

SECRET LONDON, December 31, 1952—7 p. m.

3605. Following is abbreviated text United Kingdom paper re Egyptian participation MEDO and enclosure handed to Byroade at United States-United Kingdom talks Egypt today. [2] Department's and Cairo's comments requested for meeting Saturday morning:

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[1] Repeated to Cairo.

[2] For additional documentation on U.S.-U.K. talks on Egypt, held in London from Dec. 31, 1952 to Jan. 7, 1953, see Documents 947 ff.

A. Memo on Egyptian participation in MEDO.

1. Egyptian agreement participate MEDO essential part "package proposal". Timetable contemplate is that, soon Egyptian acceptance participation MEDO signified as part of negotiations over "package proposal", MEDO (with participation Egyptian officers) should be set up forthwith, and approaches should simultaneously be made other Arab states (if possible with Egyptian support) and Pakistan with view their participation in MEDO. Nature, extent and willingness of Egyptian participation in joint defense of Middle East should thus become evident in practice well before completion process evacuating British troops from Egypt.

2. Outline MEDO in which Egyptians are to be asked participate contained enclosed memo, suitable as basis paper to be handed to Government of Egypt. This based on earlier United Kingdom memo and incorporates amendments suggested by other sponsoring powers.

B. Enclosure.

Defense of Middle East vital to free world and can be secured only by cooperation of all interested states. Establishment of MEDO would assist and support states willing join in defense of Middle East and develop capacity of each to play its proper role in defense area as whole against outside aggression. MEDO will not interfere in problems and disputes arising within area and in no way affects existing arrangement relating to such matters.

Membership of MEDO.

It is proposed that MEDO should consist, in addition to United Kingdom and Egypt, of Iraq, Jordan, Syria, Lebanon, Saudia Arabia, Yemen, United States, France, Turkey, Australia, New Zealand and South Africa. Six last names states have already signified their intention to participate. It is hoped Egypt will join them and United Kingdom is encouraging above-mentioned Arab states to become members of organization. Once these states have formed organization, applications from other states to join organization will be decided in accordance with views of those states already composing it.

Functions of MEDO.

Function of organization will be provided centre of cooperative effort for defense purposes. Initially its tasks will be:

(a) Draw up plans for defense of Middle East.

(b) Plan for, and provide Middle East states with assistance in form of training and advice.

(c) Coordinate requests by Middle East states for arms and equipment.

(d) Make plans for operations in war of all forces allocated for defense of area in coordination with adjoining NATO commands in Mediterranean and Asia Minor.

(e) Reduce such deficiencies as exist at present in organization and capacity for defense of area.

Structure of organization.

Plans should be kept flexible and as small as is consistent with:

(a) Need for efficient planning;
(b) Participation of number of different countries;
(c) Smooth evolution into full command structure if and when participating states think this desirable.

Organization would consist of:

(a) Military representatives committee.
(b) *Planning group.*

Military representatives committee would consist of representatives of all states participating in organization. It would be responsible for general direction of planning group and would meet twice year, or more often if required.

The planning group.

Planning group will be integrated structure composed of officers supplied by the participating powers, under British chairman. Group would be divided into appropriate sections to handle operations, plans, intelligence, administration and logistics, training, coordination of requests for military aid and equipment, liaison with non-participating Middle East states, etc. [3]

GIFFORD

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[3] Discussions of MEDO at the London talks were addressed specifically to the Egyptian aspects of the problem rather than to general policy considerations. For the brief discussion of this paper on Jan. 2, 1953, see telegram 3635 from London, Document 1064.

No. 114

INR-NIE files

National Intelligence Estimate [1]

SECRET [WASHINGTON,] January 15, 1953.
NIE–76

CONDITIONS AND TRENDS IN THE MIDDLE EAST * AFFECTING US SECURITY

THE PROBLEM

To identify the major forces and trends in the area, to assess their origin, relative strength, and probable development, and to estimate their effect on the Western and Soviet positions in the area, in the absence of general war.

CONCLUSIONS

1. In addition to its objective of contributing to stability in the Middle East, the West has a specific and basic concern with the extensive oil resources and strategic location of the area. Denial of these assets to the West would constitute a serious setback to it in the struggle with the Soviet Bloc, even if the area did not come directly under Communist control.

2. Patterns of authority are being undermined by rising discontent among nearly all social groups. This discontent is finding expression in growing demands for elimination of foreign influence and for internal social, economic, and political reforms.

3. Attainment of stability is obstructed by the ineffectiveness of Middle Eastern governmental and political institutions, by inadequate development of economic resources, by Arab-Israeli hostility, and by inter-Arab rivalries.

4. The USSR will continue to encourage disorder and anti-Westernism and to exploit the substantial opportunities for creating friction among states of the area, between them and the West, and

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[1] A note on the cover sheet reads as follows: "The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff. All members of the Intelligence Advisory Committee concurred in this estimate on 8 January 1953."

* This estimate deals with Iran, Iraq, Syria, Lebanon, Jordan, Saudi Arabia, Yemen, Egypt, and the principalities of the Arabian Peninsula. Conditions in Turkey and Israel, and their relations with the West and the Soviet Bloc, differ in so many respects from those in the rest of the Middle East that they will be treated only insofar as they affect developments in the rest of the area. [Footnote in the source text.]

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among the Western Powers. Soviet rulers may estimate that the area can be effectively denied to the West without being brought under direct Communist control and without forcing the USSR prematurely to accept full responsibility for supporting Communist regimes in the area.

5. Local Communist parties, except possibly in Iran, are not likely to develop the strength to seize and maintain control of Middle Eastern governments during the next few years. However, Communist influence will probably grow, the principal danger being that without formally assuming control Communists will exercise an increasing influence on non-Communist governments.

6. However, except for Iran, Middle Eastern states do not feel immediately threatened by the USSR and they fear that acceptance of Western support would lead to Western domination. In particular, the acceptance of US influence is seriously hampered by the Arab conviction that the US is responsible for maintaining the state of Israel, and by US association with the former colonial powers—the UK and France.

7. Although we do not believe that a breakdown of authority is imminent, except possibly in Iran, the over-all situation with respect to stability is deteriorating.

8. In the foregoing circumstances, governments will probably rely increasingly on their armed forces to retain power. Although such authoritarian regimes offer hope of arresting the drift toward disorder, they will be beset by many internal problems. They will also have to find a solution to the problem of establishing relations with the Western Powers which will be acceptable to nationalist aspirations at home, but which will permit them to obtain Western military and economic aid and advice.

DISCUSSION

Introduction

9. In addition to its objective of contributing to stability in the Middle East, the West has a specific and basic concern with the extensive oil resources and strategic location of the area. Denial of these assets to the West would constitute a serious setback to it in the struggle with the Soviet Bloc, even if the area did not come directly under Communist control.

10. The Middle Eastern states do not have the strength to stand alone in the modern world or the capacity to cope with their own internal problems. In past years, the presence of British and French power in the area contributed to stability, even though it also provided a focal point for nationalist opposition. Ineffective governments and inadequately developed resources still make out-

side support essential to Middle Eastern stability. Yet these states, jealous of their independence, fear that acceptance of Western support would lead to Western domination. The question, therefore, is whether a new relationship can be established between the Middle Eastern states and the West which will on the one hand mollify Middle East suspicions of the West, and on the other permit such Western advice and support as will enable Middle Eastern states to maintain internal conditions generally favorable to themselves as well as to Western interests.

Basic Forces

11. Patterns of authority are being undermined throughout the Middle East by rising discontent among nearly all social groups. The traditional ruling classes—landlords, tribal leaders, and wealthy merchants—while struggling to maintain their privileged positions, have shown little ability or disposition to solve growing social and economic problems. There has been a rapid growth of educated and semi-educated elements in the cities—students, government workers, professional classes, junior army officers, small businessmen—whose aspirations for improved economic and social status are frustrated. These elements are being aroused by agitators offering varied and often conflicting programs—religious fundamentalists preaching a return to true Islamic practice; secular reformers advocating such programs as land reform, the elimination of corruption, and the extension of democratic government; proponents of authoritarian rule along fascist lines; and finally, the Communists. Urban industrial workers are not yet numerous or well-organized, and the large peasant class is in general still politically passive. Both groups, however, are becoming more responsive to political agitation.

12. Each country is at a different stage of social change and political development. In Saudi Arabia and Yemen, where no political parties exist, the tribal monarchies are in firm control. In Jordan, political activity outside the court and tribal leadership is just beginning to take form, and is being fomented by educated elements from West Jordan. The old guard is still in control in Iraq, but the advocates of change are growing in strength. Although secular reformers are in control in Egypt and Syria, attainment of social and political stability is by no means assured. In Iran, the National Front's insistence upon pursuing an anti-British policy, regardless of the effect on the nation's economy, may lead to further political and economic disintegration from which only the Communists could profit.

13. Throughout the area, many proponents of change have a similar negative and emotional attitude. There is a general disposi-

tion to eliminate the powers that be, with little regard or thought for what comes after. The two basic forces that motivate the proponents of change are:

a. A desire to eliminate foreign influence. The Middle Eastern governments and people are basically suspicious of Western motives and tend to become increasingly nationalist and neutralist.

b. A growing demand for internal social, economic, and political reforms. Few of these reforms, however, have been cast as positive programs.

Obstacles to Stability

14. Attainment of stability is being blocked by a number of problems not capable of easy or quick solution. They include ineffectiveness of the instruments of government, serious economic problems, and rivalries among the states of the area.

15. Existing political institutions and governmental machinery are inadequate in the present situation. Many legal and political forms have been copied from the West, but have not been adapted to Middle Eastern needs. In addition, there is a shortage of trained personnel, and a tradition of responsibility and integrity in government is lacking. Governments are further handicapped by the facts that the formerly dominant class is inflexible and resistant to change and that the proponents of change frequently offer programs incapable of rapid or practical implementation. Any government efforts to execute reform programs encounter strong resistance from special interests.

16. Growing pressure for economic improvement adds to the problems facing Middle Eastern governments. Except for oil, the area has few economic resources. Egypt, Jordan, and Lebanon are overpopulated in relation to arable land and known resources. Although Syria, Iraq, and Iran have much land which could be brought under cultivation, development of this potential would require many years and large-scale investments. Government efforts to develop the resources of the area are handicapped by inefficient economic procedures, untrained personnel, and resistance to new methods.

17. Israel and the related Arab refugee problem constitute a major obstacle to stability in the Middle East. Arab hostility toward the new state and fear of Israeli intentions have aggravated the difficulties of the Arab states in tackling pressing internal problems, have burdened them with high military budgets, and have prevented the development of an expanded area economy. Although Syria has broken the solid Arab front against resettlement of Arab refugees (totalling 800,000) by signing an agreement with the UN for resettlement in Syria of 80,000 refugees, final solution of this problem is a long way off. No progress has been made

toward solving other Arab-Israeli difficulties. The Arab states fear an Israeli attempt to conquer additional territory under the pressure of overpopulation and lack of economic resources, particularly water. Conversely, Israel fears that a growth of Arab strength will lead to a war of revenge.

18. The stability of the area is also weakened by rivalries among the Arab states. The Arab states have a common cultural and religious heritage which some religious political leaders have hoped to make the basis for area cooperation and unity. The psychological and political significance of this common heritage has been overshadowed in the recent past by petty dynastic quarrels, narrow nationalistic politics, religious differences, and differences of economic interest. These have made disunity a characteristic of the Middle East and have interfered with efforts to solve common problems. Effective leadership for the area as a whole has not been forthcoming. Egypt, which is regarded as the state most likely to provide such leadership, dominates the Arab League, but has had little success in achieving positive united action. Attempts by Turkey, Pakistan, and others to promote unity in the area have evoked little response.

Obstacles to US Influence in the Middle East

19. US association with Israel is a continuing irritant in US-Arab relations and the major obstacle to the acceptance of US influence in the Middle East. The Arab world is united in its belief that the US is primarily responsible for the establishment of Israel, which it interprets as an act of ruthless anti-Arab imperialism. Moreover, many Arabs believe that US partiality in the Arab-Israeli dispute is further demonstrated by US failure to press more vigorously for enforcement of UN decisions on Arab refugees, on delimitation of the borders of Israel, and on the internationalization of Jerusalem. The US faces the dilemma that Israel cannot survive without foreign aid and that US aid to Israel deepens Arab resentment against the US.

20. US alliance with the UK and France, the most important former colonial powers in the area, also arouses Arab distrust. Demands in French North Africa for greater independence are strongly supported in the Middle East. Most Middle Eastern countries will almost certainly remain determined to weaken if not abolish British influence and special privilege. On the other hand, the UK, for reasons of prestige as well as of economic and military security, feels that it cannot afford to relinquish its still substantial military and economic positions. US efforts to bring the two parties together run the risk of (a) encouraging each side to be less inclined toward compromise in the hope of eventual US backing; and (b) evoking

charges of favoritism from both sides. Finally, a too rapid abandonment of British positions would leave a military vacuum which the US would have difficulty in filling, and which would accentuate insecurity and create further opportunities for Soviet or local Commuist exploitation.

21. The US is also handicapped by the fact that the Arabs do not feel immediately threatened by the Soviet Union or recognize an immediate personal stake in the East-West struggle. They are far more apprehensive of Israeli aggression, and they suspect that Western interest in the area's defense is merely a camouflage for strengthening Western influence at the expense of their independence.

Soviet Capabilities and Intentions in the Middle East

22. The USSR has so far carried on relatively small-scale overt political activity in the Middle East. Soviet rulers probably estimate that Western influence is declining, that economic and political deterioration will continue, and that the general situation will become steadily more favorable to the expansion of Communist influence. Soviet rulers may conclude that the area can be effectively denied to the West without being brought under direct Communist control and without forcing the USSR prematurely to accept full responsibility for supporting Communist regimes in the area. The USSR will continue to encourage extremism of many kinds, particularly anti-Western and nationalistic, and to utilize opportunities to embarrass the relations of the Western Powers with each other and with the states of the area. Conditions in the Middle East, particularly the Arab-Israeli dispute, offer the USSR many opportunities for increasing these activities and for winning Arab good will.

23. Although the Moscow-directed Communist Parties are small and illegal and are not now, except in Iran, a major political factor in the Middle East, Communism contributes to and profits from unrest in the area. The Communist program holds out a ready solution attractive to dissatisfied groups, particularly the educated class. The Communists can exploit the widespread hostility against the Western Powers and the ruling classes without too openly revealing Soviet imperialist motives and goals. Communist agitation among workers and peasants is increasing, and Communist influence is likely to grow as these groups become more insistent upon improving their lot. The principal dangers posed by the Communists are: (a) that they will infiltrate government and military services to the point of seriously interfering with the exercise of authority; (b) that progress toward reform and economic improvement will be so slow that radical groups will become discouraged and

turn to Communism; and (c) that non-Communist groups particularly the nationalist and reformist elements, will become divided, Communist-infiltrated, or willing to cooperate with the Communists, to such an extent that small, disciplined Communist parties can exercise a decisive influence on governments of the area even without formally assuming control.

PROBABLE DEVELOPMENTS

Political Developments in the Arab States

24. We do not believe that a breakdown of authority in the Arab states is an immediate danger. Their security forces, if given effective leadership, are capable of maintaining internal control. None of the Communist parties is likely during the next few years to develop the strength to take over the governments by peaceful means or by force. Nevertheless, the over-all situation with respect to stability is currently deteriorating.

25. In this situation, governments will probably rely increasingly on their armed forces to retain power. Military reformist regimes are already in power in Egypt and Syria, and further regimes of this type may emerge. Although such authoritarian regimes offer hope of arresting the drift toward disorder, they will be handicapped by their lack of experience in dealing with economic and social problems; by the difficulties of implementing reforms which produce quick and tangible benefits for the people; and by opposition from vested interests, extreme nationalists, Communists, and possibly religious fundamentalists. If they are to succeed, such regimes will have to provide the people with some prospect of participation. They will also have to find a solution to the problem of establishing relations with the Western Powers which will be acceptable to nationalist aspirations at home, but which will permit them to obtain Western military and economic aid and advice.

Political Developments in Iran †

26. Iran presents a more pressing problem than that existing in the other states of the area, owing in part to the proximity of the Soviet Union and the strength of the Tudeh Party, and in part to the more immediate danger of social, political, and fiscal breakdown. The longer present trends in Iran continue unchecked, the more difficult it will become to prevent a breakdown of government authority which would open the way for at least a gradual assumption of control by Tudeh. Although such a breakdown appears unlikely during 1953, the Iranian situation contains so many

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† See NIE–75/1, "Probable Developments in Iran through 1953," published 9 January 1953. [Footnote in the source text.]

elements of instability that it might occur at any time. The loss of Iran to Communism would be blow to US and Western prestige and would increase the vulnerability of the remainder of the Middle East and of the Indian subcontinent.

Economic Developments

27. The Middle East's basic economic difficulties are not likely to be resolved in the foreseeable future. It is improbable that local action can correct the low and, in some places, declining standard of living, technological backwardness, and foreign trade problems. Middle Eastern foreign trade, except possibly that of Iran, will probably continue to be principally with the Western nations. The most important foreseeable economic developments will relate to oil and to foreign aid programs.

28. Anti-Westernism and nationalism are growing threats to Western oil interests in the Middle East. However, the Arab states are unlikely to attempt to nationalize their oil industries unless they become convinced that Iran is profiting more as a result of oil nationalization than they are under existing contracts. Saudi Arabia and the small Arabian principalities are generally aware of their inability to produce and market oil without the assistance of major Western oil companies. Nevertheless, the states of the area, particularly Iraq, may be expected to exert greater pressure for an increased share of the oil revenues, for a reduction in the privileged position of the Western oil companies, and for greater local participation in their management. Refusal of the Western oil companies to make some adjustments to these pressures would increase Arab hostility toward the West and might eventually lead to further nationalization of Middle Eastern oil resources.

29. Oil revenues are an important source of revenue for government operations and potentially a source of capital for economic development in the Middle East. The oil companies provide important technical and educational services. Although fear of losing oil revenues acts as a deterrent to the adoption of extreme anti-Western policies, such rational self-interest cannot be counted upon in the present emotional political climate in the Middle East.

30. As pressures increase for economic and social reform, the governments will be under increasing compulsion to turn to the West for assistance. The granting of such assistance may influence the evolution of the area and offer Middle Easterners hope of a solution to their social and economic problems. Nevertheless, there are formidable obstacles to a successful aid program in the Middle East. Western supervision of such aid will be handicapped by the sensitivity of the governments of the area to any signs of Western interference in local affairs. Demands for aid will probably be large

and for projects which the nations of the area are not ready to use effectively; US refusal to meet these demands will create disappointment which may increase anti-US sentiment.

Military Developments

31. Middle East armed forces are incapable, individually or collectively, of effectively resisting attack by a major power. The availability and usefulness of manpower for military and military support purposes is limited by prevailing inefficient agricultural techniques, physical disabilities, a high rate of illiteracy, and lack of technical and mechanical training. None of the states of the Middle East has the resources or industrial base to support modern armed forces, and nearly all countries are already allocating disproportionately large shares of their resources for military purposes.

32. Accordingly, defense of the Middle East against Soviet Bloc aggression will ultimately depend on employment of Western armed forces. At present, local forces are not even capable of manning and maintaining adequate bases for quick and effective use by Western forces in the event of war. Efforts to strengthen Middle Eastern defenses against aggression are confronted by obstacles already noted. The Middle Eastern states, except Iran, do not feel immediately threatened by the USSR. They are apprehensive of a renewal of Western domination. Hence, there is a growing demand in most of the area for elimination of existing Western bases and removal even of existing Western military forces.

33. On the other hand, the emergence of regimes relying largely on the support of local armed forces will stimulate demands for Western assistance in the training and equipping of those forces. But here again, this opportunity for Western influence is limited by the deep Arab-Israeli antagonism. Any aid given to one side will arouse resentment in the other.

34. It is possible that the desire for military assistance will be strong enough to induce the Arab states to join with the Western Powers in a regional defense organization, particularly if Egypt should take the lead. The success of such an organization would depend largely upon the extent to which the states of the Middle East could be convinced that they were participating as equals with the Western Powers. Even so, it is unlikely that participation in such an organization would quickly lead the Arab states to agree to the stationing of more Western troops in the area or to the allocation of their own forces to a command organization. However, such an organization would provide a mechanism for coordinating Western military aid and advice to the Middle East states and for carrying out some preliminary defense planning. It might also have

some beneficial political and psychological effect and would give the West an opportunity to reduce Middle East suspicions of Western "imperialist" designs. Such an organization is not likely to develop sufficient military strength in the Middle East during the next few years to cause the USSR to consider itself seriously threatened. Soviet rulers, however, would be particularly sensitive to any Western military moves in Iran.

No. 115

780.5/1-1653: Telegram

The Secretary of State to the Embassy in India [1]

SECRET WASHINGTON, January 16, 1953—6:24 p.m.

2031. Ind Amb discussed Pak association with MEDO with Secy [2] pointing out if this happened it wld be seized upon by various antagonistic elements in India who wld use it attack both Ind Govt and US. He felt this wld in large measure destroy work of Amer Amb and himself in cementing Indo-Amer friendship.

Amb was told Pak had not been approached on question, that question ME defense org still very much in discussion stage, that what was originally thought of as command structure now being discussed as planning operation and that views had been put forward as to possible contribution to such planning Pak might make with other views of concern being expressed about effect on India. Point was made that ME was without defense and there shld be some defense planning; that difficulties stood in way such as Egyptian situation and Arab–Israel relations. It was hoped planning for ME cld go forward without further increasing complications.

Amb referred to stories in press re discussion this problem in Paris and this was denied. Amb also referred to press report that question being discussed in London and he as informed Dept did not know of such discussions.

ACHESON

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[1] Repeated as telegram 1007 to Karachi.

[2] The Indian Ambassador called at the Department of State on Jan. 13 to discuss Indian views on the Middle East Defense Organization.

No. 116

780.5/1-2753

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET [WASHINGTON,] January 27, 1953.

Subject: Pakistan and MEDO.

Participants: Mr. Henry A. Byroade, Assistant Secretary
His Excellency Sir Zafrulla Khan, Pakistan Foreign Minister
Mr. Donald D. Kennedy, SOA

Sir Zafrulla said that as both he and I knew no approach had been made to Pakistan as to its association in MEDO. He had worried considerably about internal reaction in Pakistan on this when and if the approach were made and believed that considerable education would be necessary to bring the country around to acceptance of the idea. The recent unfavorable publicity in India, however, had been producing the reaction in his country of "What business is it of India's?". It seemed that the educational process was already underway.

Sir Zafrulla then said that he would be returning to Karachi following the Geneva talks on Kashmir [1] and that the Prime Minister would want to know something on this subject. We knew Pakistan's shortcomings and capabilities. What would be Pakistan's obligations?

I said that no progress had been made in the MEDO proposal during the last few months. Egypt posed a difficult problem and there was really nothing we could talk about now. We expected, in any case, that the UK would take the lead at the appropriate time. Sir Zafrulla said he understood but wanted me to know that when the subject came up the US should be "in it" or else any proposal would be received rather coolly.

I added that the many problems involved in getting MEDO underway made for such complexity that it might well happen that we could not come out with the complete organization at one time. This led me to ask him entirely on a personal basis and without any preconception on my part which would be better from Pakistan's viewpoint: Should the attempt be made to bring Pakistan along with all other countries? Or should we wait until the organization had been established and its outlines and purposes become clearer to the rest of the world, including India? Sir Zafrulla said he could only express a personal view but he thought his government would prefer the matter to rest until we were completely ready to discuss it bilaterally and if this meant waiting until some later stage, he thought this would be agreeable to Pakistan.

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[1] For documentation on this topic, see vol. XI, Part 2, pp. 1162 ff.

No. 117

780.5/1-2353: Telegram

The Secretary of State to the Embassy in Turkey [1]

TOP SECRET WASHINGTON, February 13, 1953—7:35 p. m.

1028. Following information regarding imminent US-UK discussions with Egyptians may be relayed to Turks after you have ascertained that British Ambassador has implemented instructions from his Foreign Office, copy of which enclosed with London's despatch #3347, January 23 (copy to Ankara). [2] If copy not yet received assume British Ambassador will make Foreign Office memorandum available to you.

Now that UK-Egyptian agreement has been reached on the Sudan, US and UK intend open negotiations with Egypt in endeavor to secure its association in arrangements for defense of Middle East on following basis: 1) phased withdrawal from Egypt of British forces; 2) retention of peacetime base in Canal Zone; 3) provisions for air defense of Egypt; 4) Egyptian participation in MEDO; and 5) UK and US military and economic assistance to Egypt.

Point 4) above, on which US and UK would negotiate on behalf of sponsoring powers, considered essential part of package deal in order to avoid vacuum in Middle East defense and to justify supply of arms to Egypt. Should Egyptians wish consult other Arab governments before agreeing in principle to participate in MEDO, US and UK would be prepared, on behalf of or in cooperation with sponsoring powers, to make prior approach to Arab governments in order to enable Egyptians to discuss position with them on basis that those governments will equally have opportunity to participate in organization.

Regarding enclosure London's despatch #3374 [*3347*], US has not yet agreed memorandum should be used as basis for initial MEDO approach. This Government feels strongly that tactics to be pursued should not be codified but that negotiations should, to an extent, be "played by ear."

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[1] Repeated to London as telegram 5412; drafted by Snyder; and cleared by NE, BNA, S/S-CR, and GTI.

[2] Not printed. (780.5/1-2353)

DULLES

No. 118

780.5/2-1953: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, February 19, 1953—5 p. m.

1893. Pakistan Chargé called this morning on Embassy counselor. He said that 10 days ago he had had interview with Naguib. Latter had inquired what Pakistan attitude would be toward MEDO. Chargé replied that Pakistan favored MEDO in principle but because of its friendship for Arab states would prefer not to indicate its assent until Arabs themselves had finished bargaining with West powers. Pakistan felt that this attitude would strengthen bargaining position of Arab states.

Re Indian attitude Pakistan Chargé said that most certain way of swinging Pakistan opinion in favor of MEDO was Nehru's outcry against Pakistan entry into this defense system.

Naguib then told Chargé that India had been exerting pressure on Egypt remain neutral. Chargé told Prime Minister that since his revolution was middle class uprising and was clearly anti-Communist in nature it should be fairly obvious that Egypt had no choice but to align itself with other enemies of communism and that accordingly neutrality was out of question. He felt that Naguib agreed in this assessment.

Zafrullah Khan Pakistan Foreign Minister arrives tomorrow for 5-day official visit. No agenda has been set but Pakistan Embassy is certain Foreign Minister will discuss Kashmir, attitudes to be adopted toward MEDO, Indian pressure for neutrality, and possibly attitudes toward Federal Germany. Zafrullah Khan will also discuss nomination of Pakistan member to Governor General's Advisory Commission in Sudan. Pakistan Chargé very skillfully beat Panikkar to the draw in securing Egyptian acceptance of Pakistani on this commission in lieu of Indian.

Department may wish in its discretion to pass New Delhi.

CAFFERY

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[1] Repeated to London and Karachi.

No. 119

780.5/2-1953: Telegram

The Secretary of State to Certain Diplomatic Missions [1]

RESTRICTED WASHINGTON, February 19, 1953—6:03 p. m.

At press conference afternoon Feb 18 Secretary referred to regional security org which we hope would include Arab States and Israel. In answer to question he stated Israel would be welcome in set up. [2] In event further press inquiries concerning matter fol statement will be made in clarification.

"Secretary intended indicate that in development of MEDO, Israel wld not be overlooked. In stating that Israel 'wld be welcome in the setup', Secretary had in mind that any regional defense planning in NE must of necessity include Israel's possible contribution and her strategic position at eastern end of Mediterranean. He would welcome conditions which wld enable Israel to become member, but this does not necessarily mean that Israel would initially become member."

If Mission receives inquiries from Govt on this point or if local press reaction makes initiative desirable, Mission shld explain Secretary's remarks in above sense.

In Arab capitals it may be desirable for Mission also to state that plans for MEDO as currently developed do not contemplate invitation to Israel become initial member org. Once org est question of additional membership will be for org members to decide.

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[1] Sent as telegram 833 to Baghdad, 1667 to Cairo, 485 to Jidda, 788 to Tel Aviv, 651 to Amman, 1504 to Beirut, 479 to Damascus, 1060 to Ankara, 5542 to London, and 4503 to Paris. Drafted by Daspit and cleared by NEA, NE, S/S, GTI, and S/S-CR.

[2] A Department of State memorandum recorded the following exchange:

"A correspondent stated that following the break off of diplomatic relations by the Soviet Union with Israel, there had been a number of reports about American relations with the Middle Eastern countries. He informed the Secretary that the Associated Press had reported that the State Department had decided to cold-shoulder Israel in an attempt to bring the Arab States into the Middle East Defense Command. He then asked the Secretary to clarify the situation. Mr. Dulles replied that he could say categorically that there was no policy of cold-shouldering—as the correspondent had put it—Israel.

"Asked whether there was more military aid going to be given to the Arab States, the Secretary said that that was a matter on which he could not say categorically yes or no. He explained that, as the correspondents knew, there had been discussion about the possible creation of a regional security organization which would include, we would hope, the Arab States and Israel. He said that it might connect up with NATO via Turkey and so forth and that that was all in the realm of discussion. He added that he assumed that if it were carried through and implemented it would involve some military assistance. Asked whether Israel would be included in that setup, Mr. Dulles answered that she would be welcomed in the setup." (Memorandum of Press and Radio News Conference, Wednesday, Feb. 18, 1953)

DULLES

No. 120

780.5/2-2753: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, February 27, 1953—9 a. m.

1053. Because I had asked him directly and in strictest confidence Turk Chargé Umar informed me of recent official conversation re MEDO with Foreign Minister Suwaidi undertaken under instructions from Turk Foreign Office. Following was substance:

1. Turkish Chargé told Suwaidi MEDO would comprise (a) countries of Middle East; (b) countries bordering on Middle East; (c) countries which can contribute materially to defense of Middle East.

Immediate task of MEDO would be (a) to prepare a plan of defense and (b) to précise what is lacking in each participating country to carry out defense plan.

2. Turk Chargé said United Kingdom in favor establishing headquarters MEDO in Cyprus but Turkey of opinion that it should be located in Turkey and prepared offer its territory. Each country participating in organization should be 100 percent equal and in Turk view there must be able total abandonment of discrimination between "founders" and "participants" as contained original MEC proposals.

3. At end this presentation Tawfiq Pasha remarked "our ally and friend, the United Kingdom, has never explained MEDO to us so objectively and fully." He said his own thoughts had been in terms of an organization larger than just the Arab States, perhaps including Iran, Afghanistan, India, and Indonesia. Turk Chargé replied he not speaking of an Asian pact but rather a workable defense organization in which each participating country would have direct interest in and make direct contribution toward Middle East defense.

4. Tawfiq Pasha said not a single Arab Government could agree individually to enter into discussion on MEDO so poorly was MEDO received by the Arab public. It was necessary find camouflage and he felt best approach was study by Arab League.

5. Turk Chargé replied that United States and United Kingdom pushing Egypt forward as spearhead of MEDO but he wanted Tawfiq Pasha to understand Turkey opposes this policy of any grouping having Egypt as center. Turk felt MEDO should include Arab States, France, the United States and United Kingdom but

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[1] Repeated to Ankara as telegram 25.

could easily exclude Egypt while [*which*?] primarily an African rather than Middle East power. Turk most exposed and most interested in Middle East defense, whereas Egypt least exposed and least interested. Therefore, MEDO should be centered in Turkey with northern Arab States joining as full equals. Chargé said Lebanon was amenable to this approach, Saudi Arabia no problem and Iraq's interests similar to Turkey's. Great stumbling block was Syria which insisted on aligning its policy with Egypt.

Although I suggested he find an occasion to tell British and French colleagues of his talk with Tawfiq Pasha he said he was not planning divulge it to them. His instructions from Ankara were to speak to Iraq Foreign Minister. He had sent full report to Ankara where Turk Foreign Office would use own judgment about revealing it to others. He urged me use utmost discretion in reporting this information in order not compromise him either with United Kingdom and French colleagues or with his own Foreign Office.

I therefore urge recipients this telegram observe appropriate caution in using foregoing information in order protect source.

BERRY

No. 121

Conference files, lot 59 D 95, CF 139

Memorandum of Conversation, by the Secretary of State

TOP SECRET [WASHINGTON,] March 4, 1953.

Subject: General

Participants: The President
Anthony Eden, Secretary of State for Foreign Affairs of Great Britain
Ambassador Makins
Secretary Dulles

The meeting was essentially social and held in the living quarters of the White House. There was a general exchange of views with reference to the world situation, the effect of Stalin's death, and finally the discussion settled primarily on Middle Eastern matters.

Mr. Eden emphasized the importance of developing MEDO as a bulwark against possible deterioration of conditions in Iran. The President emphasized, in this connection, the importance of peace between Egypt and Israel without which MEDO would be rather meaningless. Mr. Eden agreed but felt that the first thing to do was to push through the Suez settlement and that Naguib could not make peace with Israel without first the prestige of getting the British out of the Suez.

Mr. Eden urged that we should promptly send a high-ranking general to begin the negotiations with Slim. The President suggested that *if* we did this, it might be in order to ask General Hull to go, but that President did not in any way commit the United States to participation in the initial phases of the negotiations.

The President suggested that the United States might have to exercise a freer hand with relation to Iran and the oil situation.

No. 122

780.5/2-2453: Telegram

The Secretary of State to the Embassy in Iraq [1]

SECRET WASHINGTON, March 6, 1953—1:06 p. m.

892. Re Deptel 891 March 6. [2] Department appreciative urtels 1032 February 22 [3] and 1050 February 26 [4] and despatch 596 Feb-

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[1] Repeated as telegram 5910 to London, 4734 to Paris, 1763 to Cairo, 515 to Jidda, 506 to Damascus, 820 to Tel Aviv, 1114 to Ankara, and transmitted to Moscow by air pouch. Drafted by Funkhouser and cleared by GTI, EUR, S/P, NEA, BNA, RA, and S/S–CR.

[2] Not printed; it reported the Department of State was giving further study to the approach to MEDO through a protocol to the Arab Collective Security Pact. The "back door approach" would be considered as a substitute if Egypt was unable to accept the original MEDO draft. (780.5/3–0653)

[3] Not printed; it reported on a telegram being sent to London by the British Embassy in Baghdad, concerning the substance of a Feb. 19 conversation between the British Ambassador and the Premier of Iraq. Telegram 1032 reads, in part, summarizing the British Embassy telegram: "Nuri reiterated his idea that Middle East defense should be based on Arab collective security pact. He said a protocol could be added to the pact enabling non-Arab countries to become parties to it. Nuri said previous defense proposals sponsored by West had two defects, namely (a) a 'command' (*sic*) implied purely military arrangement without any covering political agreement; (b) Arab states, except for Egypt, would have had an inferior position." (641.87/2–2253)

[4] Not printed. It reads, in part: "Embassy suggests that Nuri's idea of relating a Middle East defense to the Arab collective security pact is being put forward by him in his belief that it is potentially acceptable to the Iraqi people in contrast to a western involved MEDO, against which Iraq opinion has been aroused. Further consideration by the Department might therefore be given to fuller utilization of Nuri's ideas in developing a defense plan, if only as insurance against failure of Anglo-Egyptian talks. Embassy further suggests that obstacle to the proper consideration and acceptance by Iraq of a MEDO is the continued lack of anything concrete which the government or the public can grasp. In the meantime, the field is left clear to those who, for political or ideological reasons, are conjuring up all the dangers and disadvantages which a Middle East Defense Organization could bring to Iraq." (641.87/2–2653)

ruary 24 [5] which suggest fuller US–UK consideration Nuri's idea working towards "a MEDO" through protocol to existing Arab Collective Security Pact. While Department did not see fit discuss this approach in London talks, Department has been opinion that joint development of "a MEDO" would not preclude an examination of such Arab state suggestions, particularly if "a MEDO" could be made more effective or more palatable and consequently implemented quicker by "going in the back door". At time when West is already heavily committed provide armaments in Far East war theaters and Europe to extent that few additional military commitments can be fulfilled for Middle East at an early date, there might well be advantages in giving Middle East participants at least psychological benefit of having word spread throughout area that Western powers are prepared join them in area defense rather than vice versa. These advantages might include:

(a) Preservation of fundamental MEDO objectives plus more willing cooperation from Arab states on common defense measures.

(b) "Diplomatic victory" for Middle East governments which might strengthen their domestic and international position to point where cooperation with West could be sold to public. Specifically this approach might more easily enable Naguib to buy UK Government's "package deal" on Suez. (Reference Embassy Cairo cables.[6])

(c) Concrete measure to implement "psychological objectives" of PSB program for Middle East as contained document D22 February 6, 1953. [7]

(d) Manifestation of Administration's "new approach" to Middle East as anxiously awaited in the area.

(e) Counter for Communist propaganda that MEDO is imperialistic scheme foisted on unwilling Arab states by West.

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[5] Not printed; it reported on some thought by the British Embassy in Baghdad to stimulate the calling of a consultative conference of Middle Eastern states to discuss Middle East defense proposals if the negotiations with Egypt with regard to the Middle East Defense Organization should fail. (780.5/2-2453)

[6] See Documents 947 ff.

[7] Not printed. Document D22, Feb. 6, 1953, was a 35-page paper entitled "Psychological Strategy Program for the Middle East," which was approved by the Psychological Strategy Board at its 17th meeting on Jan. 15, 1953. The major psychological objectives stated in the paper were: to strengthen confidence in the integrity of the United States and its sincere friendship for the people of the area; to convince Middle Eastern leaders that their interests were identical with those of the free world, and that the only prospect for adequate defense of the Middle East lay in cooperation with the United States and its allies; to promote an awareness of the Soviet threat; to encourage progressive elements in the Middle East to advance programs for the improvement of economic and social conditions in their area; and to develop an attitude in the leaders and opinion-forming groups in the area that it would be to their advantage to take steps which would facilitate the resolution of international and intra-regional controversies which weakened the area. (780.5/2-653)

(f) Positive and possibly dramatic move in foreign affairs field for US domestic consumption, particularly if parallel "Security Pact" arrangements with Israel could be developed.

(g) Reversed tactical position whereby Arab Collective Security Pact rather than MEDO proposals become target of attention, criticism and consequent modification.

Disadvantages, while not yet fully explored, would include (1) implications re Israel and (2) ACSP language. However it may develop that any defense scheme would be faced with (1) and suggested protocol might allow West to subscribe only to those parts of (2) which might be acceptable.

Department would appreciate further field comments re this backdoor approach, particularly Embassy Cairo views as to whether discussions with Arab states along lines Baghdad Despatch 596 February 24 might dispel adverse popular impression of MEDO sufficiently to contribute to successful conclusion of British-Egyptian "package deal" on Suez. In making field recommendations it should be kept in mind that Department places in high priority necessity for obtaining psychological warfare by-products which may be perhaps more valuable than immediate military benefits from any defense organization. An essential result which must follow any tactical approach to the Middle East states on defense arrangements is, of course, continued Western interest in and access to Suez Base.

DULLES

No. 123

780.5/3-1053: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, March 10, 1953—4 p. m.

1107. Turkish Chargé Umar called last evening and informed me of Iraqi MEDO developments since our last conversations. He had again seen Foreign Minister and told him tht Turks in due course expected official response to Chargé's proposal. Chargé explained to me that proposal was for all practical purposes an invitation to Iraq to associate in setting up MEDO. Foreign Minister replied that he had studied Chargé's proposal; that a sub-commission had been established to examine it in detail; that sub-commission had already finished its work and submitted its report; that this report will go soon to the Council of Ministers with Regent likely partici-

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[1] Repeated to Ankara as telegram 26 and Cairo as telegram 64.

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pating. When Chargé pressed Foreign Minister for a hint as to line Iraqi Government would take, Minister replied that Iraq Government certainly would not be against proposal but cautioned "don't hurry us".

I took occasion to inform Turk of points made in Deptel 890.[2] I also told him that Foreign Minister in conversations with me recently had told me in general terms of his conversations with Chargé on MEDO, and that on basis of Foreign Minister's conversations with me I expected to speak tomorrow with British Ambassador upon subject. The Chargé agreed at once saying that this approach covered him and further that if British Ambassador, following my conversations, would take initiative and ask him about his conversations with Foreign Minister he would tell British Ambassador what he had told me of that conversation. Thus I believe we will have re-established in Baghdad the frankness between colleagues which is essential to the success of MEDO.

When I queried Chargé about his statement that Turkey is prepared to offer its territory as headquarters for MEDO he explained that defense of Middle East must be primary interest of the countries of Middle East. Setting up a MEDO headquarters in Cyprus, the territory in Middle East of a Western European power, of which possession is challenged by an Eastern people (Greece), would not give the impression of indigenous authenticity to the MEDO project that is essential to its success. He added that although it has never been suggested that headquarters be in Egypt, such a suggestion would be unacceptable to Turkey for reasons of area prestige as well as for reasons of the effective working of an authentic defense organization of Middle East countries. In his opinion Egypt might, as a part of Suez settlement, wring from British an agreement, if Egypt decided it was in its interest to be associated in MEDO, to have MEDO headquarters located in Egypt for the purpose of giving substance to Egypt's claim to leadership of Arab world. In such an event he felt Turkey would not agree to the arrangement. In short he said leader of Middle East defense and logically, therefore, the seat of its headquarters, could only be Turkey. When I suggested that many people thought of Turkey more as a European than a Near Eastern state he replied that Turkey is a bridge both approaches to which are of interest to Turk nation.

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[2] Not printed; telegram 890 to Ankara, Mar. 6, was repeated to Ankara as telegram 1112 on the same date. The Department of State considered Turkish Foreign Office instructions to its ministers in Arab states regarding defense discussions somewhat disturbing, although it believed the Turkish approach to the Arab states might produce beneficial results. The Department expected the United Kingdom to oppose the Turkish approach in substance and also take the position that the Turks were "jumping the gun" as far as timing was concerned. It suggested the Ambassador inform the Turkish Charge that a fundamental part of present thinking regarding MEDO was that there would not be any discrimination between founders of the organization and participants. It also asked the Ambassador to point out to the Turks that since Egypt had the principal military base in the Middle East, it could not be considered as of secondary importance to Middle Eastern defense. (780.5/2-2753)

If Chargé's thinking is truly representative of his government, this would appear to give substance to several indications that Turkish Government at last has shifted from Kemalist attitude toward Arabs and is now looking to its position of prestige in Middle East world.

Berry

No. 124

780.5/3-2253: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

CONFIDENTIAL BAGHDAD, March 22, 1953—11 a. m.

1158. Foreign Minister Tawfiq Al-Suwaidi asked me to call this morning. He said that recent conversations with Turkish Chargé (mytels 1053, 1107 and 1118)[2] had made Iraqis realize how very vulnerable their country was to a Soviet attack coming through Persia. Foreign Minister had discussed this situation with Cabinet with result Cabinet had decided to improve Iraqi defense as rapidly and completely as means permitted.

Currently Iraq had no external military responsibilities except those specified in Arab League treaty of mutual defense, the military clauses of which have not yet been implemented. Thus, until such time as these, and arrangements of mutual defense by Western powers, are completed Iraq is bound to supply its army with the means to meet situation. Therefore Iraq desired to commence forthwith in building up its army. Foreign Minister then outlined importance to Western world of Iraq both from viewpoint of resources and strategy and asked that US, with British, assess Iraqi needs to meet its obligations in defense of its own territory and Western world. Foreign Minister said that he would send Embassy written note[3] expressing these thoughts. He said he planned similar approach to British Ambassador today.

I told Foreign Minister that I would report this conversation and forward to Department by airpouch his note when received. I said that I understood that his intention in present conversation was to start us thinking upon matter. If that were correct I felt USG might inquire as to why Iraqis had not availed themselves of means suggested to them by my note November 12 informing Foreign Minister that Iraq had been declared eligible to receive military equipment from USG under provisions of 408E of MDS act.[4] As I had presented our note to acting Foreign Minister Baban I took occasion to repeat to Foreign Minister Tawfiq Al-Suwaidi remarks I made at time of presentation. Minister replied that Iraq Government expected to take advantage of this offer and that I could expect very soon an official reply from Iraq Government so stating.

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[1] Repeated to Ankara as 31, to Cairo as 68.

[2] Telegrams 1053 and 1107, Documents 120 and 123; telegram 1118 is not printed.

[3] *Infra.*

I told him I was pleased with this information and also that Iraq Govt realized so thoroughly need to prepare against Commie aggression. I said it seemed to me appropriate that Iraq Government use its resources to meet needs since it did have considerable resources.

Foreign Minister commented that Iraq Government could maintain four complete divisions from its own resources but it would not arm and equip four divisions without jeopardizing its program for economic development. He added that if there were plenty of time he felt developing sound economy and building military strength could go forward together entirely with Iraqi means, but he doubted the wisdom in these times of slowing down building strong army to maintain planned economic development. Without economic development Communism would arise from within Iraq.

Foreign Minister confirmed to me Cabinet position on defense as reported in final paragraph mytel 1108.[5]

I am gratified that this government understands the Commie menace and is taking measures to meet it both at the present time internally and in the future at Iraqi frontiers. Furthermore, it begins to look as though this government is toying with the thought that participation in MEDO may be the approach to solution of their own defense problems.

BERRY

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[4] On June 12, 1952, Assistant Secretary Byroade had initiated action to have Iraq found eligible for reimbursable military assistance under the Mutual Defense Assistance Act. (Byroade memorandum to the Secretary of State, June 12, 1952, not printed; 787.5 MSP/6-1252) Subsequent exchanges between the Secretaries of State and Defense and the Director for Mutual Security, in September and October, resulted in the Nov. 12, 1952 *demarche* to the Iraqi Government described herein by Ambassador Berry. Documentation is in file 787.5 MSP.

[5] Not printed.

No. 125

780.5/3-2553

Undated Memorandum From Iraqi Foreign Minister Tawfiq al-Suwaidi to the Ambassador in Iraq (Berry) [1]

CONFIDENTIAL BAGHDAD.

PERSONAL AND CONFIDENTIAL FOR THE AMBASSADOR

Iraq realizes its duties toward the defense of its independence and of the territory within its boundaries. Iraq has no other responsibility except that embodied in the Treaty for Collective Security among the Arab countries, in force at the present time. [2]

Until such time as arrangements for the foresaid mutual defense of Arab countries are completed, Iraq regards it to be its duty to begin immediately to supply the necessary means which will enable its army to discharge its obligations for defense. It had drawn up the requisite plans to achieve this end. It has been found, however, that its need for arms, ammunition and equipment will exceed its material capacity and economic potential, and that the execution of such plan will hinder its constructive progress which is not less important than any military or defense activities to be carried out.

Had Article 43 of the United Nations Charter been successfully implemented and the International Police for the prevention of aggression established, the members of the United Nations would have not felt so strongly the dangers surrounding them at the present time. Iraq, therefore, in searching for the most suitable means to secure the numerous items required to complete its defense, must request these from one or more United Nations members. The safe-guarding of Iraq from aggression on its northern and eastern boundaries and the protection of its oil resources have become the concern of all the free world and a matter which cannot be treated lightly. Articles 51 and 52 of the United Nations Charter particularly recognize the need of all member states such as Iraq to unify their efforts with other countries of common interest in finding suitable means, including regional organization for common defense against external aggression.

Iraq's requirements in carrying out its duty as defender of its territories requires important quantities of arms, equipment and supplies. These cannot be achieved except through aid from the United

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[1] Transmitted to the Department of State under cover of despatch 693 from Baghdad, Mar. 25, 1953 (air pouch), not printed.

[2] Marginal notation: "UK Treaty?". This refers to the Anglo-Iraqi treaty of 1930.

States and Great Britain, as was done for Turkey when it was found that the interest of the free world required shouldering of the responsibilities and the expenditure of the requisite funds to assist Turkey carrying out its defense duties.

If Iraq is required to discharge similar obligations in defense of its independence and territories, it is essential that it be extended every help and assistance and provided with necessary arms, supplies and the means of training required by modern armies. The required funds can be assessed by military experts and should be considered as part of what must be spent for the defense of the free world and all its vital resources against aggression.

No. 126

780.5/3–2853: Telegram

The Chargé in Iraq (Ireland) to the Department of State [1]

SECRET BAGHDAD, March 28, 1953—5 p. m.

1182. Minister of Defense Nuri Said has given me review of Iraq defense plans along similar lines as to British Ambassador (Embtel 1180). [2] He did not mention Anglo-Iraqi treaty, Arab secret pact nor Israel.

In re source of arms and equipment, his approach differed from that described by British Ambassador. Nuri emphasized to me his wish for best arms possible. If American tanks were better than British, he wanted them; similarly with planes, etc. Material should be placed in Middle East which would do job of "stopping the Russians".

Cost of expansion, over and above Iraq's contributions, had been estimated at least 60 million dinars over four years. Iraq expected put up cost barracks, airfields, clothing, locally procured equipment, starting with approximately 14 million in 1954 budget of about Iraqi dinars 40 million. Emphasized Iraq could not supply remainder without severely affecting its development program which, in view of our past encouragement, he felt sure we would not wish to see crippled.

Upon my suggestion that beginning might well be made on a reimbursable basis through 408 (e) he professed inability to understand why this necessary. Grant had been given to Turkey as far back as 1947. We had built roads, etc., but Iraq did not ask for these. What we had done for Turkey in military aid we could surely do for Iraq. Iraq could be performing valuable services for the west. "Would not the resistance of Iraq on the Iranian frontier", he inquired, "be of direct service to American interests in the Persian Gulf?" The defense of Ruwanduz and Halabja in the north, Khanazin and Basra would do just that. Iraqis might not be able to do the whole job alone, but they would give time for Allied forces to arrive.

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[1] Repeated to London as 67, to Ankara as 34, to Cairo as 72.

[2] Not printed.

Apparent from conversation that one obstacle to signing 408 (e) is belief by Ministers that it would bind Iraq to pay United States for equipment entire expansion program, a commitment not acceptable politically and because of impact on development program.

He proposed three steps looking toward United Kingdom–United States assistance in expansion of Iraq's defense forces:

1. Visit in near future of Anglo-American experts to assess Iraq's military needs and costs involved.
2. A subsequent visit by financial experts to assess what total cost Iraq could and should pay toward its defense.
3. Implementation of plan through assistance from United States-United Kingdom based on these reports.

IRELAND

No. 127

Conference files, lot 59 D 95, CF 141

United States Minutes of the Third United States-French Foreign Ministers Meeting, Washington, March 27, 1953, 9 a.m. [1]

SECRET [WASHINGTON,] April 6, 1953.

FPT MIN–3

Participants

U.S.
Secretary of State Dulles
Mr. Matthews
Mr. MacArthur
Ambassador Dillon
Mr. Merchant
Mr. Byroade
Mr. McCardle

French
Minister of Foreign Affairs Bidault
Ambassador Bonnet
M. Alphand
M. de la Tournelle
M. Falaize
M. Roux

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[1] A complete set of minutes of the Meyer–Bidault talks in March 1953, is scheduled for publication in volume VI.

FPT Special No. 4, dated Mar. 24, 1953, not printed, is a talking paper entitled "Special Political and Military Subjects," on the topics covered at this meeting. (Conference files, lot 59 D 95, CF 141)

Mr. Knight
Mr. Wolf
Mr. McBride
Mr. Young
Mr. O'Connor
Mr. Kitchen
Mr. Van Hollen
General Beebe
Mr. Tomlinson

M. Burin des Roziers
M. Boegner
M. Laley
M. Sauvagnargues
M. de Folin
M. de Nanteuil
M. Seydoux
M. de Juniac
M. Berard
M. Andronikoff
M. Vaurs

Organization of Defense in the Middle East—[FPT Agenda 2, item C][2]

Mr. Bidault opened the discussion on the Middle East by pointing out that in this area as in others the Western Powers should present a united force. Here this front was not only against the enemy but also vis-à-vis the Arab states in the area. The psychology of the countries in this area was to obtain the highest possible price for their cooperation. While France was generally on excellent terms with the individual states in this area, tensions had been created in the U.N. He characterized the Arab League as purely a propaganda agency.

With reference to the Suez,[3] Mr. Bidault said that no matter what type of arrangements were finally worked out, the presence of European powers in the Suez Canal area was needed. Some type of planning body should be established to organize the defense of the Canal. This defense organization should later be broadened to admit Greece and Italy. The freedom of transit through the Canal must be insured, and Egypt must be made to understand that this security requirement was a basic principle of the Western Powers, since otherwise a jugular vein of the free world could be severed. An Egyptian diplomat has recently made it known that Egypt would not look with disfavor upon a meeting of those countries which have signed the 1888 Agreement.

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[2] Item A on the agenda was Korea, but Secretary Dulles and Foreign Minister Bidault agreed that since that topic had been discussed at the first plenary session there was no need for further discussion. Item B was a study of USSR policies following the death of Stalin. Brackets in the source text.

[3] On Mar. 18, Ambassador Bonnet had called at the Department of State to inform the Under Secretary of State of the great importance France placed on the question of freedom of transit through the Suez Canal. He stressed its importance to the war in Indochina and remarked that previous U.S. replies to French proposals for tripartite talks on the subject had not been helpful. (Memorandum of conversation, Mar. 18, 1953; Conference files, lot 59 D 95, CF 141)

Secretary Dulles replied that, before asking Mr. Byroade to answer certain of the points in detail, he would like to stress the great importance which the U.S. placed upon the need to maintain free transit through the Suez Canal, both in time of peace and during war, and of the importance of having a base available in the Canal area in time of need. Secretary Dulles pointed out that the U.K. planned to open discussions with Egypt about the status of the Suez and that the U.K. had suggested that the U.S. might take an active part in such discussions. The participation of the U.S. had, however, been declined by the Egyptians, and discussions were now planned solely between the U.K. and Egypt. It was hoped that the British would report on the progress of these discussions both to the U.S. and to France.

Replying to Mr. Bidault's request for united action in the Middle East, Mr. Byroade said that while the U.S. recognized the importance of complete cooperation between the U.S. and France, the U.S. found that in certain cases, for tactical purposes, better results could be achieved by not openly presenting a solid front on all issues. As to the Arab League, it had sometimes presented a problem to the U.S. in the past, but there was hope that the situation might improve because of the appointment of a new Secretary General and because of indications that the new Egyptian leadership in the area might lead to the League's adopting a more constructive policy.

With reference to the Suez Canal, Mr. Byroade said that while the U.S. had not opposed the principle of having the U.S., France and the U.K. discuss ways to insure that the waterway remain international, the U.S. did not feel that the present time was appropriate to begin such talks because of the possibility of press leaks to the Egyptians. It seemed preferable to have the British and Egyptians begin bilateral discussions with the hope that later it would be possible to get General Naguib to provide some assurance with regard to the international status of the Canal. While it would be best to await some progress in the British-Egyptian talks before beginning formal discussions, Mr. Byroade felt that, within the near future, it might be possible to begin consultation about the status of the Canal at a low level, thus reducing the possibility of leaks.

Mr. Byroade said that the problem of timing also came up in connection with the entrance of Greece and Italy into MEDO. In addition, a question of principle was involved. The U.S. conception of MEDO was that its membership should be limited to states in the area and those states from outside which could help in the common defense. Since it was felt that this concept would be changed by extending MEDO to Italy and Greece, the U.S. wished to delay its decision until some of the complications connected with MEDO were resolved.

Mr. Bidault answered that the establishment of a body to discuss the question of freedom of transit through the Suez could be done without great fanfare or publicity. The French Government was not thinking in terms of informing Egypt and was quite willing to begin discussion at whatever level the U.S. desired, including at the level of experts. However, it was important to decide this question as soon as possible so that, if the countries involved were taken by surprise, they would be able to act in concert. Secretary Dulles suggested that, if the opportunity arose, some members of the French delegation present in Washington might discuss with Mr. Byroade the possibility of setting up a future meeting of experts.

[Here follows discussion of Item D, Organization of Defense in the Balkans: Yugoslavia and Trieste; Item E, U.S. Policy in South America; and Item F, Status of American Forces in France and Morocco.]

No. 128

780.5/4-2253

The British Embassy to the Department of State [1]

CONFIDENTIAL

IRAQ

Her Majesty's Government welcome the Iraqi approach insofar as it indicates an increasing realisation by Iraq of the need to strengthen her forces and to increase her contribution to the defence of the Middle East.

2. Her Majesty's Government have already, in conjunction with the Iraqis, prepared plans for increasing the size of their army, building up a modern air force and equipping their forces throughout. The proposed programme for the army has been divided into three phases:—

(a) Phase I covers the equipment of the first two Iraqi Divisions, a third "cadre" division, two training brigades and a mechanised force. This is practically complete.

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[1] Handed on Apr. 22, 1953 to Deputy Assistant Secretary for Near Eastern, South Asian, and African Affairs Jernegan by Harold Beeley, British Counselor of Embassy.

(b) Phase II covers the re-equipment of the third Iraqi division, and the equipment of an armoured brigade and a motor brigade, and additional artillery units. General Robertson, during a recent visit to Iraq, gave renewed assurances that we would fulfil phase II within 4 years. (Provided that the Iraqis place the necessary orders, the equipment could be provided in 2 to 3 years).

(c) Phase III covers the equipment of a fourth infantry division after the completion of Phase II.

It is clear that the present Iraqi approach amounts to a request for assistance to speed up the programme outlined above. We should of course wish to continue to assist in directing the expansion of the Iraqi forces as already planned.

3. Her Majesty's Government suggest for the consideration of the United States Government and hope they will agree as follows:

(a) That we might both reply welcoming the Iraqis' desire to strengthen their own military forces, both for their own needs and as a contribution to the defence of Middle East. [2]

(b) There is no indication in the reports from Baghdad that the Iraqis have made up their minds about the political framework within which the defence of the Middle East is to be organised. They wish to wait and see what progress is made in the proposed Anglo-Egyptian negotiations before deciding their attitude towards the proposed Middle East Defence Organisation. In these circumstances there seems little to be gained by pursuing the idea of creating a new regional defence scheme under Article 51 of the United Nations Charter. Her Majesty's Government consider that it is therefore in their interest, and that of their allies, for the present Anglo-Iraqi Treaty to remain in force. The Treaty gives to the United Kingdom, as the Western Power primarily concerned at present with Middle East Defence, the greatest extent of military facilities which Her Majesty's Government can expect from Iraq. It is important that the United Kingdom should retain these facilities until new arrangements are made, so that in the event of the Middle East becoming a major theatre of war these facilities (and in particular the air bases) would be at the disposal of the West from the outset. In the light of the above Her Majesty's Government feel that Middle East defence should be discussed with the Iraqis as far as possible on the military rather than the political plane, at any rate until the progress of negotiations with Egypt enables it to be seen more clearly how a regional defence organization can be set up.

(c) In the light of the paragraph (b) above, we should both make it clear to the Iraqis that we can only help them to build up their military strength as a means of defending the Middle East area as a whole from a possible Soviet attack. We should explain that the countries of the Middle East, either alone or in concert, will in our view be unable in the foreseeable future to defend the area without

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[2] Marginal notation: "Done". Presumably this refers to the *démarche* of Nov. 12, 1952.

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powerful support from the West. The Western Powers have so far considered that this support should be given through their cooperation with the states of the area in a common defence arrangement, and it is hoped that some such organisation may shortly be set up. Until such an organisation for defence of the Middle East becomes a reality, it will be unwise to tamper with existing defence arrangements.

(d) The United Kingdom should not be supplanted as the principal source for Iraq's arms and military equipment. The Iraqis are bound by the terms of the Anglo-Iraqi Treaty of 1930 to ensure that the equipment of their forces shall not differ in type from those of British forces. Moreover the Iraqi forces are equipped with British material and it would be militarily undesirable to introduce new patterns now. Her Majesty's Government would also wish to keep any drain of dollars from the sterling area pool to a minimum. (Please see in this connexion the *aide-mémoire* left with the State Department on the 7th November 1952.)[3]

(e) Her Majesty's Government doubt whether the expanding oil revenues of Iraq will on closer examination be found to be inadequate to meet the proposed programme of expansion in addition to existing development plans. Development is necessarily carried out gradually, and a planned expansion of the Iraqi army would take time. Present indications are that the Iraqi Development Board is not using all the revenue assigned to it. Even if it adheres to its planned programme, there would, if the Board continues as planned to receive 70% of estimated oil revenues, be a surplus for the years 1953 to 1956 in the region of 27m. pounds. It will in any case be necessary to assess the cost of the expansion proposed by the Iraqis before we can see how much, if any, assistance is required. For this purpose the services of the British military experts who are already in Iraq and working out the orders which the Iraqis need to place in this country to carry through Phase II of the re-equipment might be used.

WASHINGTON, 22nd April, 1953.

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[3] Not found in Department of State files.

No. 129

780.5/4–3053: Telegram

The Secretary of State to the Embassy in Egypt[1]

TOP SECRET WASHINGTON, April 30, 1953—6:23 p. m.

2106. Believe you should know we have recent intelligence reports which indicate Egyptians have no intention cooperating with West in Regional Defense Organization even if Suez question settled to their satisfaction. General impression conveyed these reports is that Egyptians planning adopt "neutral" attitude and while willing and eager receive Western assistance would refuse make any public or private commitments in return.

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[1] Drafted by Jernegan and cleared by NEA and R.

This impression reenforced by recent Egyptian public statements and private conversation new Ambassador here. (See memo of conversation with Jernegan April 24.)[2]

Realize this may be bargaining position but we are nevertheless concerned at apparent stiffening Egyptian attitude, especially since some of our information indicates intransigent views may be sincerely held by members inner-circle RCC and are not merely reactions to public opinion.

We also wonder whether protestations of desire for peace with Israel might not be simply window dressing to be disregarded once British evacuation achieved.

Would appreciate your analysis in light of above.

Dulles

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[2] Not found in Department of State files, but see the memorandum of conversation, Document 132.

No. 130

780.5/5-153: Circular airgram

The Secretary of State to Certain Diplomatic Missions [1]

SECRET WASHINGTON, May 1, 1953—7:55 p.m.

The following memorandum entitled, "An alternative approach to Middle East Defense Arrangements" describes a possible device for securing Arab cooperation in the form of defense organization agreed by the MEDO sponsors. The memorandum does not now represent a firm U.S. position, but is being forwarded to addressees at this stage in order to expedite the receipt of comments by the Department.

The memorandum is being cleared as a tentative proposal of the Department on which comments by the other sponsors will be invited. After clearance is completed, the Department will communicate by telegraph with Missions in the capitals of the Sponsoring Powers concerning action to be taken.

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[1] Drafted by Daspit and cleared by EUR, S/P, and S/S-CR. Sent to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, Tel Aviv, and Ankara; and repeated to London, Paris, Pretoria, Wellington, Canberra, Karachi, Tripoli, and Rome for Unger.

Without, of course, consulting Governments Near East Missions are requested to comment by telegram on the proposed procedures with respect to a) the probable reactions of Governments to which they are accredited, b) specific points raised by the memorandum, particularly those in paragraphs 8 and 9, and c) the problem of timing, assuming that the procedures are considered feasible.[2] Ankara's comments also welcome.

If reactions to the suggested line of the memorandum are in the main favorable, the Department will probably communicate formal proposals to all the sponsoring powers which would to the maximum extent possible reflect the views of U.S. Missions in the Near East, and Ankara, requested above, and the informal comments received from the several sponsors.

DULLES

[Attachment]

AN ALTERNATIVE APPROACH TO MIDDLE EAST DEFENSE ARRANGEMENTS

1. Recent statements of Arab leaders emphasizing the primary responsibility of the Arab states for the defense of the Near East and the fact that arrangements for such defense have already been provided in the Arab Collective Security Pact, taken in conjunction with the actual terms of the Arab Collective Security Pact itself, suggest that efforts to negotiate for the establishment of MEDO bilaterally with the individual Arab states and without reference to the ACSP may well prove unsuccessful.

2. Unless measures are taken to coordinate the two organizations, entry by the Arab states into MEDO would require their disregard of fundamental provisions of the ACSP amounting to a repudiation of the instrument. Article 10 of the ACSP provides that no signatory power shall enter into any international agreement which may be contradictory to the treaty. The Military Annex of the Pact provides that under the control of the Joint Defense Council a permanent military commission shall prepare military plans for the defense of the signatory states, organize the exchange of training missions, submit proposals to increase the effectiveness of forces, etc. Since the MEDO proposals would assign these functions to another body, organized under different authority, agreement by Arab states to enter MEDO would appear, *prima facie*, to constitute a violation of the ASCP as now drafted.

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[2] Replies from the various Embassies are described in the editorial note, *infra*.

3. The Department of State is of the opinion that account must be taken of this problem and that an effort should be made to develop a solution which would at the same time satisfy the Arab leaders and preserve the essential objectives sought by the Western powers in sponsoring MEDO. From the point of view of the Western powers, what is required is an organization which would be adapted to the performance of the functions allotted to the Planning Group in the present MEDO proposals; which will be responsive to Western guidance; and which will make possible the eventual evolution of a command organization under Western leadership. For the United States, it is also essential that no formal treaty obligations be involved. Although it is impossible to predict with assurance what will be satisfactory from the point of view of the Arab states, recent statements by responsible leaders in Egypt, Iraq, Lebanon and Syria seem to indicate that the Governments of these states desire to cooperate with the Western powers in defense arrangements, provided such cooperation will bring them military aid and can be effected on a basis which will neither expose them to charges that they have capitulated to the West nor involve a loss of face for the Arab League.

4. In the the view of the Department of State, the suggestion of Iraqi leaders [3] that the West should cooperate with the Arab states by adhering to an amended version of the ACSP does not, for the following reasons, provide an acceptable solution to the problem: a) The ACSP is an integral part of the Arab League and its several organs are ultimately responsible to the Arab League Council; b) Adherence to the ACSP would involve sweeping commitments amounting to a full military alliance with the Arab states which the United States is not at present prepared to undertake; c) The Israeli Government and people are convinced that the ACSP is dedicated to the destruction of Israel; d) Even though the MEDO sponsoring powers were prepared to accede to the ACSP, it is doubtful that certain non-Arab Middle East states, such as Pakistan, which could make a significant contribution to area defense, would be willing to become parties to the treaty; e) The general character of the treaty and the organization it establishes would tend to prevent the development of a command organization on a workable basis. Theoretically, it might be possible to cure most of these faults by means of amendments to the ACSP. This operation, however, would involve a complete and radical revision of the commitments undertaken, the organization established and the functions performed under the present terms of the treaty. Proposals to this end could hardly be expected to induce Arab cooperation.

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[3] See footnotes 3 and 4, Document 122.

5. In the view of the Department of State, a possible solution of the problem may lie in the marked similarity of the Military Annex of the ACSP to the MEDO concept as presently agreed by the sponsors. Whereas most of the provisions of the Treaty proper are fundamentally unacceptable, the Military Annex establishes organs for military planning and prescribes functions which are closely similar to the structure and functions of MEDO as agreed by the sponsors. Annex A, attached, sets forth a comparative analysis of the Military Annex of ACSP and the draft MEDO document as presently agreed.

6. It seems to the Department of State that the Military Annex to the ACSP might be accepted by the MEDO sponsors as a basis for negotiating with the Arab states for the establishment of an inclusive Middle East planning group with similar functions, as part of an organization which might be called by some name other than the MEDO. It would be plausible to argue from the organization of the ACSP and the similarity of the functions of the broader Planning Group to those of the Military Commission that such a group should receive guidance and direction from a superior body composed of the Chiefs of Staff of the Arab and Western participating states. These proposals relate only to tactics and do not affect the substance of the proposals on which agreement has been reached among the MEDO sponsors. The Organization these proposals are intended to produce would in all essentials be identical with that proposed in the MEDO draft. Like MEDO, it would exist alongside but separate from the ACSP, with its own lines of organizational authority distinct from those of the Arab League organs. No formal link between the two organizations is proposed, though for tactical reasons it might be desirable in the terms of reference of the new organization to make some complimentary reference to the ACSP.

7. In the view of the Department of State, there would be certain definite advantages to be derived if the sponsoring powers were to propose to the Arab states that the Military Annex of the ACSP rather than the MEDO draft be made the basis of negotiation with respect to the functions of the broader planning group. Such a proposal would at the outset make suitable acknowledgment of the ACSP and of the Arab initiative in establishing it, while avoiding the suspicion which a Western draft would inevitably arouse, and would simplify the task of the Arab leaders in making the adherence of the Arab States to the new organization appear consistent with the ACSP. However, for maximum effectiveness, the proposal should appear to originate on the Arab side. The Department is requesting the advice of United States Missions in the Arab capitals as to the possibility of stimulating certain of the Arab leaders to produce the proposal as their own.

8. From the Arab point of view, even though the above procedures were followed, some conflict between the inclusive organization and the ACSP might still remain. However, the above steps would point the direction of a complete solution which the Arabs themselves might effect by an amendment to the ACSP authorizing member states to participate in other organizations which had common objectives with the ACSP and which would assist the Arab states in perfecting defense arrangements in the Near East.

9. The foregoing proposals, designed to appeal to the Arab states, would doubtless increase the apprehensions of Israel which have already been strongly voiced in response to reports concerning MEDO plans. The Department of State is convinced that the adoption of such an approach to the Arab states would make imperative a parallel approach to Israel. In this approach it would be desirable to emphasize the following points: a) The MEDO sponsors have changed neither their objectives nor their concept of the type of defense organization they are prepared to support in the Middle East, and the acceptance of the Military Annex of the ACSP as a basis for negotiation with the Arab States, rather than proposals the sponsors might themselves put forward, will not be permitted to affect the interests of Israel adversely; b) The new organization will be separate from the Arab League and will in no way lend itself to Arab pressure on Israel. On the contrary, it will be directed exclu-

sively at developing defenses against aggression from outside the area. To the extent the organization is successful, it should contribute to the atrophy of the ACSP; c) A renewal of hostilities within the Near East area must be avoided, and this consideration will continue to govern the signatories of the Tripartite Declaration in supplying arms assistance to the Arab states and Israel. d) The sponsoring powers are convinced that Israel can contribute significantly to Middle East defense, and it will be an objective of their policy to promote conditions which will make it possible for Israel to become a full member of the regional defense organization. The use of the ACSP Military Annex as a basis for the initial negotiations should not increase the difficulty of later membership for Israel, since the new organization would be separate from ACSP.

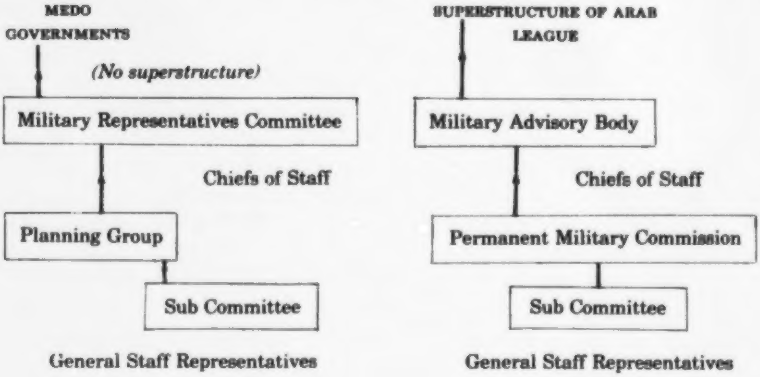
10. The Department of State suggests that the above and any other proposals for dealing with the problems posed by the ACSP and Arab resistance to MEDO should be considered urgently with a view to developing an alternative approach to the establishment of inclusive defense arrangements in the Middle East. Decisions concerning the use of such possible alternatives would, of course, have to be made in the light of the developing situation in the Middle East, and perhaps particularly in Egypt. Prior agreement on such alternatives will be necessary, however, to enable negotiators to move rapidly when and if the situation warrants.

Annex A

STRUCTURE AND FUNCTIONS OF MEDO COMPARED TO THOSE DESCRIBED IN MILITARY ANNEX OF ACSP AND SUPPLEMENTARY PROTOCOL

The Organization of the two bodies may be charted as follows:

ORGANIZATION


MEDO GOVERNMENTS
(No superstructure)
Military Representatives Committee
Chiefs of Staff
Planning Group
Sub Committee
General Staff Representatives
SUPERSTRUCTURE OF ARAB LEAGUE
Military Advisory Body
Chiefs of Staff
Permanent Military Commission
Sub Committee
General Staff Representatives

The parallel functions of the two bodies are indicated by the following presentation:

MEDO Planning Group | *ACSP Permanent Military Commission*

FUNCTIONS

Similarities

a. Draw up plans for the defense of the Middle East; make plans for the operations in war of all forces allocated to the defense of the area.	a. Prepare plans against armed aggression. Study various facilities and aids which each state should provide.

b. Provide Middle East States training and advice; reduce such deficiencies as exist in the organization and capacity for defense of the area; coordinate requests of Middle East States for arms and equipment.	b. Submit proposals for arming, organization and training, to increase efficiency of armed forces; organize exchange of training missions; propose organization and size of forces of each state; prepare data and statistics concerning resources and military potential of each State.

Differences

	c. Prepare plans for joint exercises and maneuvers and carry them out.
	d. Submit proposals for economic development to promote defense effort.

No. 131

Editorial Note

The Embassy in Jordan sent the only reply suggesting agreement with the Turkish proposals for going along with a defense organization without the Arabs. Telegram 1006 from Amman, May 27, did not consider the proposal advanced in the airgram of May 1, *supra*, likely to be acceptable to Jordan, and believed the only way to achieve a Middle East Defense Organization was to establish it without Arab support, giving the Arab States the right to join later. The Embassy was not unduly concerned with the dangers of confronting the Arab States with a *fait accompli* since it considered the danger to lie in showing weakness rather than strength.

Telegram 2059 from Beirut, May 26, commented that the Embassy was firmly convinced a collective defense organization with Western participation was essential to overcome the security vacuum in the Middle East, but considered the political climate unpropitious, and in fact suggested that a connection between United States defense thinking and the Arab pact might destroy the Arab collective security effort. The Embassy felt that all regional defense proposals should be held up until the return of the Secretary of State and a reexamination of United States Near East policies. Positive steps to resolve the situations in Palestine and Egypt might improve the political climate in the area; and military aid, especially to Egypt and Syria, might provide an opening wedge for a successful regional defense organization.

Telegram 2439 from Cairo, May 15, advised the Department of State that since General Naguib and others had mentioned to the Secretary of State the possibility of using the Arab Collective Security Pact as a foundation for regional defense arrangements. Egypt would probably react favorably to the military annex alternative to the Middle East Defense Organization if the evacuation issue were settled to the satisfaction of the Egyptians. The Embassy believed the suggestion should be pursued cautiously, but saw no objection to planting the idea with appropriate friendly Arab leaders without delay.

The Embassy in Jidda, in telegrams 877, May 16, considered the suggestion for working through the Arab organization an excellent one, as it might help to remove local suspicions that a Middle East Defense Organization might be an instrument for the reimposition of British and French hegemony in the Middle East.

The Embassy in Baghdad replied on May 26, in telegram 1410, that it doubted any area-wide Middle East Defense Organization would be practicable until the Suez problem was satisfactorily resolved. It was attracted to the idea set forth in the May 1 airgram, since it believed an indigenous basis for a defense organization was probably a necessity for success, but suggested waiting until the Suez problem was settled before trying to stimulate any Arab leader to make a proposal on a regional defense organization.

The Embassy in Damascus wrote that the Department of State's alternative approach of the May 1 airgram might appeal to Shishikli, especially if the United States offered substantial aid, if progress were made toward the settlement of the Palestine and Suez questions, and if he saw impartial treatment by the United States of both Israel and the Arab States. The Embassy adhered to the view that defense arrangements in the Middle East must not only include the Arab States but must also provide a basis for dealing with area problems in a spirit of mutual confidence.

The above telegrams are in Department of State file 780.5.

No. 132

780.5/5-453

Memorandum of Conversation, by the Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs (Burdett)

SECRET [WASHINGTON,] May 4, 1953.

Subject: Call of Egyptian Ambassador

Participants: Dr. Ahmed Hussein, Egyptian Ambassador Designate
NEA—Mr. Byroade
NE—Mr. Burdett

The Egyptian Ambassador Designate called on Mr. Byroade for a discussion of the current talks with the U.K. and Middle East defense. The Ambassador stated he held a five-hour conference with General Naguib and leading members of the Revolutionary Command Council immediately before departing from Cairo, and since has had several telephone conversations with his Government. He intends to leave for Cairo May 7 and will report on his discussions with U.S. officials.

Dr. Hussein made the following points:

1. The Naguib Government has the support of the overwhelming majority of the Egyptian people. Opponents consist only of communists and disgruntled landlords. There is no possible alternative. Only the Army is capable of effecting a change and another coup would lead to a series of unstable military governments. General Naguib is now accused of taking too conciliatory a stand in his relations with the West and of being pro-American.

2. MEDO or a similar organization is completely unacceptable to Egypt. General Naguib instructed him to stress the above point. MEDO was originally presented at a bad psychological moment. The Revolutionary Command Council cannot afford to appear before the Egyptian public less intent on achieving Egypt's national aspirations than previous governments. The Revolutionary Command Council is convinced that acceptance of any type of MEDO would be "suicide". Any arrangement replacing British forces by those of other Western countries would be merely a continuation of occupation in another form.

3. Egypt hates communism and realizes it would never be attacked by the West. In its own self interest it would resist any aggression on its territory. Egypt would welcome assistance from the West in building up its military strength to increase its defense capabilities.

4. Arrangement on the following lines could be worked out:

a. Unconditional evacuation of the Suez Canal Zone Base.

b. Immediate talks concerning Middle East defense involving building up the strength of the area both militarily and economically.

c. Defense of the area to be based on the Arab League Collective Security Pact.

d. The Western Powers to be linked to this Pact through the British treaties with Iraq, Jordan and Libya and through the U.S. "treaty" with Saudi Arabia. (Really air base agreement.)

e. No additional direct defense commitments between the Western Powers and Arab States.

5. By adopting this procedure, the West would gain the good will of Egypt and through Egypt the good will of the other Arab States. The British forces in the Suez Canal would be replaced by a much larger Egyptian contingent, equipped and trained to assume responsibility for defense of the area. No formal defense arrangement is necessary since in its own interest Egypt is bound to cooperate against the only possible aggressor. The present Canal Zone Base is not usable while surrounded by a hostile population. The only approach for the West is to have confidence in Egypt, and, after the evacuation of British forces, to build up local defense forces without requiring firm commitments. Reliance should be placed on the statements of General Naguib and the self interests of Egypt in defending its own territory.

6. The discussions with the British are not going well. Although before the start of the talks, the U.K. accepted evacuation, it is now unwilling to agree in principle to methods of carrying this out. Egypt considers such agreement essential, before referring the different issues to sub-committees.

7. Egypt is most grateful for U.S. assistance in solving the Sudan problem. She intends to keep the discussions in Cairo going until the Secretary arrives, confident that he will accord Egypt the necessary support to assure their successful conclusion in accordance with the formula outlined under 4 above.

8. He will telephone Lt. Colonel Abdel Nasir after the meeting scheduled for May 5 to report this conversation stressing Mr. Byroade's views on:

a. The importance of referring the questions under discussion with the U.K. to sub-committees immediately without attempting to obtain agreement in principle at this stage.

b. The importance of tangible defense commitments by the Arab States.

Mr. Byroade made the following observations:

1. The U.S. has the utmost faith in General Naguib, recognizes the leadership of Egypt in the Arab world, and the great desirability of assuring the willing cooperation of the peoples of the Arab States.

2. However, U.S. objectives in the Middle East are not dissimilar from those of the British, although it disagrees sometimes with respect to tactics.

3. Britain, as well as Egypt, has an acute public opinion question with which to contend. The agreement on the Sudan shook the Conservative Government and unconditional evacuation would be unacceptable to the British people.

4. The U.S. does not question that evacuation should take place, but believes the present situation should be replaced by some form of defense arrangement. It does not insist upon any specific type, such as MEDO.

5. The installations in the Canal Zone are of vital importance to the U.S., perhaps more so than to the British.

6. Without a definite defense commitment by Egypt and the other Arab States, it would be very difficult to justify to Congress the expenditure of funds for economic and military assistance.

7. During present discussions with the U.K. the issues should be referred to sub-committees instead of attempting to obtain agreement on principle at this stage. Once the practice questions involved are thoroughly understood, it should be easier to reach a meeting of minds on the broad question of principles.

8. Although this does not apply to General Naguib, himself, the U.S. has received lately disquieting reports that persons surrounding Naguib actually believe a policy of "neutrality" would best serve Egypt's interests. (The Ambassador denied this.)

No. 133

Editorial Note

On January 29, 1953, the National Security Council, at its 129th meeting, with the President presiding, directed the Senior NSC Staff to develop an agenda of policy questions for consideration by the Council, to include those items desired by each Council member. (S/S-NSC files, lot 66 D 95, "Record of Actions by the National Security Council, 1953") That same afternoon the Senior NSC Staff drew up a list of policy questions requiring urgent or immediate consideration by the Council. Included on this list was NSC 129/1, "United States Objectives and Policies With Respect to the Arab States and Israel." (S/P-NSC files, lot 62 D 1, "1953, Record of Planning Board Meetings-NSC Files") NSC 129/1, April 24, 1952, is printed as Document 71.

The first drafts of a revision of NSC 129/1 found in Department of State files are dated April 12 and 14, 1953. They were considered at an April 15 meeting of the NSC Planning Board and an amended draft, dated April 24, was prepared. The Planning Board considered and amended the April 24 draft at a meeting on April 27 and directed the Board Assistants to prepare an amended version of that draft and a coordinated staff study for final reveiw by the Planning Board. An amended draft and a staff study, both dated May 4, were considered at the May 6 meeting of the Planning Board. At that meeting, the Board reviewed the May 4 draft and agreed that it should be made available to the Secretary of State for use as background information during his forthcoming visit to the Near East. It also agreed the Board should review the policy statement on the return of the Secretary of State in preparation for a report to the National Security Council. Records of the NSC Planning Board meetings are in S/P–NSC files, lot 62 D 1, "1953, Record of Planning Board Meetings". The draft revisions of NSC 129/1, including the May 4 text and Staff Study, are in S/P–NSC files, lot 61 D 167, "Near East (NSC 155)".

No. 134

S/P–NSC files, lot 63 D 351, "NSC 155 Memoranda"

The President's Special Assistant (Cutler) to the Secretary of State

TOP SECRET [WASHINGTON,] May 6, 1953.

DEAR FOSTER: The NSC Planning Board has labored for many weeks to prepare for Council consideration the attached statement of policy on the Near East. [1] The Board believes, however, that the Council should not consider this report until you and Harold have returned from your trip, in order that the Board might profit from your firsthand impressions of the area.

Although it is not usual to send Council Members drafts of staff papers, I thought you might find it useful to take this draft with you on your forthcoming visit to the Near East.

The following points seem to me to call for closer scrutiny and clarification before the Council finally acts on a Near Eastern policy:

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[1] The May 4 Draft Statement of Policy is not printed.

There was attached to the source text a memorandum from Byroade to Bowie, dated May 31, not printed. According to the memorandum, the May 4 Draft Statement of Policy and Staff Study were discussed with the Secretary of State on his Near Eastern trip. The memorandum reads, in part: "Time did not permit the working out of a detailed revision of the paper to correspond to our findings during the trip. Discussion of the substantive matters covered by the paper was extensive however and I believe the suggested revisions in the attached memorandum would closely correspond to his view. I shall endeavor to clear these exact changes with him [Dulles] personally as soon as time permits. If this does not prove possible prior to the next scheduled Planning Board meeting on this paper, I suggest tabling the proposed changes on the part of the Department. Such changes would, of course, be subject to his approval when he must of necessity consider the paper at a subsequent meeting of the Council itself." The memorandum mentioned by Byroade, entitled "Suggested Changes to Planning Board's Statement of Policy and Staff Study of May 4 on the Near East," undated, is not printed but is attached to this letter in the S/P–NSC files, lot 63 D 351, "NSC 155 Memoranda".

Two later draft statements of policy dated June 10 and June 17, are similar to the May 4 text. The June 17 text was considered and amended at the July 9 meeting of the National Security Council; see Document 144. The June 10 draft is in the S/P–NSC files, lot 61 D 167, "Near East (NSC 155)", and the June 17 draft is in the S/S–NSC files, lot 63 D 351, "NSC 155 Memoranda".

1. The degree of importance which the United States attaches to the area from the point of view of our security interest, having in mind the oil resources of the area or preventing these resources from falling into the hands of the enemy.
2. The kind of military assistance to be rendered and the objectives of such military assistance, both in "cold war" and in the event of armed conflict.
3. Alternatives for MEDO. Could the Arab League supply the basis for a practicable defense organization?
4. The possibility of a regional economic approach to the area by the United States, Britain, and France in view of the remote prospects of building viable economies in the individual states of the area.
5. Definition of our relationship with the U.K.

When you return, we hope for more light on these and other points which occur to you, in order to give the paper more meaning.

Bob

No. 135

Editorial Note

During the period May 9–29, 1953 the focus of the Near Eastern policy of the United States was on the visit to the Near and Middle East during that period of the Secretary of State, John Foster Dulles. For documentation regarding this trip, see Documents 1 ff.

B. THE GENESIS OF A NEW UNITED STATES SECURITY POLICY FOR THE NEAR AND MIDDLE EAST; ESTABLISHING THE BASIS FOR THE BAGHDAD SYSTEM (JUNE 1953–DECEMBER 1954)

No. 136

780.00/6-153

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) [1]

CONFIDENTIAL WASHINGTON, June 1, 1953.

Subject: The Situation in Egypt and the Near East

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[1] A handwritten note on the memorandum reads: "Sec saw 5 June. R[oderic] L. O'C[onnor]."

Participants: The President
Ahmed Abboud Pasha
The Egyptian Ambassador
Also present: John D. Jernegan, NEA
Thomas Stephens, The President's Appointment Secretary

The President did most of the talking during the half-hour conversation. He opened by inquiring as to the present economic situation in Egypt. Abboud Pasha replied that Egypt was suffering from an economic crisis, largely due to its inability to sell its cotton abroad. The President asked about possibilities of finding petroleum in Egypt, to which Abboud Pasha replied that prospects were excellent and that one of his reasons for being in the United States was to meet a Texas oil man to discuss this very question.

Abboud Pasha spoke briefly regarding Egypt's need for economic assistance. He emphasized the importance of Egypt in the Middle East, saying that it was, in fact, not only the most important country in the area but really the only important country in the area.

After further general discussion of economic matters affecting Egypt, the President commented at some length on the political situation in the Near East. The essence of his remarks was:

1. He was intensely interested in the area and his primary objective was to bring about peace between its states. He was thinking especially of the Arab-Israeli quarrel. It was essential that both sides stop quarrelling and that they respect the existing frontiers.
2. The US wanted to be friends with all nations in the Middle East, because we believed that only through friendship could the nations of the world unite against the Soviet danger which threatened us all. We intended to be fair to all the Near Eastern states and to show no favoritism. He knew it had been said that there were five or six million Jewish votes in the US and very few Moslem votes, but he was not running for office. He had been dragged into office but he could not be made to do anything he did not believe was right.
3. In addition to the Arab-Israeli problem, the other great problem in the area was that of the Suez Base. Here he believed both sides wanted a settlement and that a satisfactory arrangement would not be difficult to achieve if it were not for the excited public opinion on both sides. The leaders were unable to sit down quietly and reach a logical solution because, figuratively, someone was standing behind the back of each of them with a raised dagger.
4. The Soviet danger which hangs over all of us make us all more disposed to be conciliatory and to resolve our disputes. Unfortunately, it seemed to create a tension which made it more difficult to get together. Nevertheless, he believed a satisfactory solution was possible. He intended to work for it and he would not allow himself to be discouraged by the difficulties.
5. One of the reasons it was important for the states of the Near East to get along together was that their quarrels made it harder for the US Government to give them assistance. People in the US

who opposed foreign aid programs could argue that it was useless to assist the Near East when the states of that region did nothing but fight among themselves. Despite all this, the President believed it was important to help the area and he would persevere in this policy.

6. The President assured the Ambassador and Abboud Pasha that we would do nothing and would undertake no commitment that would be "illogical" with regard to Egypt. Our objective was a *reasonable* solution to present difficulties.

During the course of the President's remarks, which were made informally and not in the exact order set forth above, Abboud Pasha interjected observations to the effect that (a) American policy toward Israel had created fear in the Arab states; (b) the US, nevertheless, was not regarded as an imperialist state; (c) the refugees were the real problem in the Palestine situation; and (d) one of the difficulties in the Anglo-Egyptian dispute was the inferiority complex which seventy years of British occupation had created in the Egyptians—if it were not for this, Egypt could admit British troops just as American troops were admitted to France and England.

At the close of the conversation, Ambassador Hussein told the President that Secretary Dulles' recent visit to Cairo had had an excellent effect and created much hope among the Egyptians.

No. 137

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 147th Meeting of the National Security Council, Monday, June 1, 1953 [1]

TOP SECRET EYES ONLY

Present at the 147th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director for Mutual Security. Also present were the Secretary of the Treasury; the Director of Defense Mobilization; the Director, Bureau of the Budget; General Collins for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; The Assistant to the President; Robert Cutler, Special Assistant to the President; C. D. Jackson, Special Assistant to the President; General Persons, Special Assistant to the President; the Military Liaison Officer; Robert R. Bowie, Department of State; Frank C. Nash, Department of Defense; General Roberts, Office of the Director for Mutual Security; Elbert P. Tuttle, Department of the Treasury; W. Y. Elliott, Office of the Director of Defense Mobilization; General Gerhart, Joint Chiefs of Staff; Robert Amory, Jr., Central Intelligence Agency; the Executive Secretary, NSC; the Deputy Executive Secretary, NSC.

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[1] Drafted on June 2 by S. Everett Gleason, the Acting Executive Secretary of the National Security Council.

There follows a summary of the discussion and the chief points taken at the meeting.

The Situation in the Near East and South Asia

Secretary Dulles said that obviously he would be unable to deal with all the events of his trip,[2] but he did wish to inform the Council of those aspects of it which affected NSC projects.

Egypt. Secretary Dulles and Mr. Stassen had arrived in Egypt with the expectation that it would be the key to the development of strength in the Middle East. Their view was now much modified. General Naguib had turned out not to be the "strong man" in Egypt, but merely a front behind which four military members of the Revolutionary Command Council exercised real power. . . . The situation with respect to the Suez base was extremely acute. Incidents occurred daily, and the Revolutionary Command Council was engaged in organizing a disguised military force for guerrilla operations against the British. In turn, the British were taking measures to meet this threat, and had developed plans for the reoccupation of Cairo and Alexandria in order to protect their nationals. If this occurred, the development would be disastrous for the Western powers.

Secretary Dulles said that he and Mr. Stassen had done everything they could to allay hostility to the United States, and believed that they had succeeded to a point. They had tried to educate General Naguib on the international importance of the Suez base, and had tried to indicate that the existence of this base on Egyptian soil did not constitute a violation of Egyptian sovereignty. It was rather a matter of assuring its availability in time of war. Secretary Dulles went on to add that it should certainly be possible to find a formula which would satisfy both the British and the Egyptians with regard to the Suez base. He had even outlined such a formula in Cairo. Though it was far from perfect, he believed it reasonably satisfied Western security interests in the base.

The British attitude Secretary Dulles described as "very tough", and it was quite possible they will not accept this new formula. We must, however, do our utmost to influence them to do so, since General Naguib had agreed to wait only two or three weeks after

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[2] For documentation, see Documents 1 ff.

Secretary Dulles' return to Washington before taking action in the event of failure to resolve this issue. Secretary Dulles then pointed out to the Council that even if the United States succeeded in selling this new formula to the British and the Egyptians, the larger problem of political and economic stability in Egypt would be with us for years to come. He was therefore strongly inclined to believe that we must abandon our preconceived ideas of making Egypt the key country in building the foundations for a military defense of the Middle East.

Israel. Secretary Dulles found this country in an acute fiscal and economic situation. The Arab boycott was really hurting. He and Mr. Stassen had satisfied themselves that the Israelis genuinely desired peace. It was the view of the Israelis, however, that real peace with the Arab States could only come gradually through negotiation of specific issues *seriatim*, and not by a single over-all peace settlement.

The Israelis were obviously worried about the future direction of American policy, as were the Arabs. Israeli military strength Secretary Dulles estimated to be greater than the combined military strength of all the Arab States.

Secretary Dulles then informed the Council that he proposed, if the President agreed, to reaffirm in his broadcast this evening [3] the Tripartite Declaration which had been made by President Truman on May 25, 1950. This had been designed to allay fears of aggression both of the Arab States and Israel. It had not been a notable success with the Arabs in the past, but its reaffirmation by the Eisenhower Administration might make it more effective.

Syria. Secretary Dulles believed that Syria was a state that offered real possibilities, thanks to Shishakli, who was a much more impressive figure than Naguib in Egypt. He was a man of much broader vision and deeper understanding of the relation of his country to world problems. Syria impressed Secretary Dulles as having hopeful economic potentialities. If these could be developed, Syria might be able to absorb a considerable number of Arab refugees. The country, however, needed more concrete evidence of the good intentions of the United States.

Iraq. Secretary Dulles found Iraq to be the Arab State most plainly concerned with the Soviet threat, because it was closer to the USSR and because it bordered on Iran. Like Syria, Iraq offered good economic possibilities. Its government was forward-looking and was using the revenues from its oil resources for the development of the national economy.

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[3] The June 1 speech of the Secretary of State is printed in Department of State *Bulletin*, June 15, 1953, pp. 831-835.

Saudi Arabia. Secretary Dulles reminded the Council of the particular importance of this country to the United States because of our great oil concession there, and also because of our air base. Our relations with Saudi Arabia were at the moment poor. King Ibn Saud was old and crotchety, and had given them some unpleasant moments because he felt that the United States was not giving him sufficiently strong support in his current disputes with the British Government with regard to British protectorates on the borders of Saudi Arabia. The British had sent troops into certain of these sheikhdoms. While this seemed a minor affair in comparison with other problems in the world, it could have very bad consequences for the United States. We are trying to arbitrate these disputes and we may succeed, but, given the temperament and age of King Ibn Saud, it was quite possible that he would decide to throw away his alliance with the United States, cancel the oil concession and the air base, and throw in his lot with some other nation which he might feel would be a more faithful ally.

These real difficulties were compounded by certain minor irritations. We had delivered defective tires for which the Saudi Arabian Government had been over-charged. We had trained a certain number of Saudi Arabian officers, but again at a high price. Such errors by the United States caused ill will and should be rectified at once.

The President interposed to express shocked surprise and to indicate his belief that we should undertake to train such Saudi Arabian officers without charge.

Iran. Secretary Dulles did not stop in Iran on his trip lest he appear to take sides in the present dispute, but he had had a talk with Ambassador Henderson while he was in Pakistan. He had furthermore exchanged messages with Prime Minister Mossadegh. As a result he had a somewhat more hopeful impression of the Iranian situation. It seemed to him likely that the country's agricultural economy could carry on for quite a time in the absence of an oil settlement, especially with a certain amount of technical assistance from the United States. Furthermore, Secretary Dulles warned the Council that even an oil settlement would not in itself bring stability to Iran, which woefully lacked any prospect of effective political leadership.

India. Secretary Dulles stated that he had had three talks with Prime Minister Nehru, and that these had been valuable in clearing away misapprehensions in the latter's mind. They had talked about the armistice negotiations, and Secretary Dulles had done his best to indicate that the United States really desired an armistice and was not resorting to technicalities to avoid one. However, he found Prime Minister Nehru an utterly impractical statesman, quite unable to understand why the United States could not have accepted the Indian Resolution in its original form despite the fact that it would have compromised our whole position against forced repatriation. Nor did Nehru seem able to comprehend our difficulties with the Republic of Korea Government, though Secretary Dulles believed that as a result of his conversations, Nehru was aware of the dilemma in which the United States found itself. Impractical as he was on so many of these matters, Prime Minister Nehru was described by Secretary Dulles as very "realistic" on matters directly affecting India, such as the Kashmir dispute. With respect to Nepal, likewise, Nehru had asserted that India had made clear to the world that the Himalayas were its northern boundary and that trouble could be expected if anyone chose to violate this frontier. In summary, Secretary Dulles believed that his visit to India had been helpful. Our relationship with that country would be improved for the future even if no immediate change were detected.

Pakistan. Secretary Dulles described himself as immensely impressed by the martial and religious characteristics of the Pakistanis. These qualities had made him and Mr. Stassen feel that Pakistan was a potential strong point for us, and that we must do our best to help to tide over the famine with a grant of wheat.

Greece and Turkey. On their return, the Secretary and Mr. Stassen had stopped briefly in Greece and Turkey, and were well impressed with what they saw. There were pleas for additional armament for the troops of these nations and, indeed, it seemed to Secretary Dulles that both countries were eager to support larger military establishments than their economies could bear.

Libya. This new state was obviously feeble and under heavy British influence. As an example of unfortunate American tactics, Secretary Dulles noted that this Government had made an agreement with the Libyan Government to pay $1 million a year rental for our air base there. Negotiations on this issue were still going on, and the Libyan Government wished to raise the sum to $2 million. While this was certainly a very large sum, Secretary Dulles thought it most unfortunate that we had not been willing to pay a nickel thus far for rent of the air base. We should certainly offer to give them $500,000 on account. This was one of those many small things that we could do to improve our relations with the several Arab States, and Secretary Dulles said that he had a list of twenty or thirty others.

Conclusions. To sum up, said Secretary Dulles, the prestige of the Western powers in the Middle East was in general very low. The United States suffered from being linked with British and French imperialism. Nevertheless, we still had a reserve of good will, as was shown by the security precautions taken to protect him and Mr. Stassen in the course of their journey, and by the friendly demeanor of the ordinary people in these countries. Accordingly, Secretary Dulles believed we could regain our lost influence if we made a real effort. The great difficulty was the complete preoccupation of the Arab States with their own local problems and their lack of understanding and interest in the threat posed by the Soviet Union.

The general concept that Secretary Dulles brought back with him was that Pakistan could be made a strong loyal point. So, obviously, could Turkey. Syria and Iraq realized their danger, and could probably be induced to join with us. As for the countries further south, they were too lacking in realization of the international situation to offer any prospect of becoming dependable allies. Iran, continued Secretary Dulles, was the obvious weak spot in what could become a strong defensive arrangement of the northern tier of states: Turkey, Iraq, Syria, and Pakistan. But this arrangement was not hopeless if we could save Iran. Our immediate need, therefore, was to concentrate on changing the situation there. There was still much strong anti-Soviet sentiment in the country.

This new concept of a defense organization, added Secretary Dulles, promised much more than the former project of starting with Egypt as the center of a Middle East Defense Organization.

The President asked for further details with regard to the British protectorates on the borders of Saudi Arabia.

Secretary Dulles replied that he was not certain, but he believed that the British had set up these sheikdoms as protectorates many years ago.

The President then inquired why, in view of the obvious need of the friendship of Saudi Arabia, the British insisted on hanging on to these coastal positions.

Secretary Dulles replied that their objective was oil and subsurface rights in these areas, which, he added, had no clear boundaries and were accordingly an inevitable source of dispute.

The President then remarked that such good will trips as the Secretary and Mr. Stassen had taken were fine, but that he believed that we ought to take action instantly on all the very sore points, some of which Secretry Dulles had identified. There should be a quick follow-up to remove the causes of Arab hostility.

The Secretary of State agreed, and the President went on to observe that we should at once make a token payment for the rent of our base in Libya. The good faith of the United States was plainly involved.

The President then informed the Council that a prominent Egyptian, together with the Egyptian Ambassador, had come in to see him earlier in the morning. They had informed the President that they recognized the necessity of preserving the Suez base and keeping it in good condition, but they also reminded him that they had been occupied by the British for seventy years and were suffering from an acute inferiority complex. They had made it clear to the President, moreover, that they expected the United States to find a solution to this problem which would include the maintenance of the Suez base for the West.

Mr. Stassen then briefed the Council, with the aid of charts, on problems in the Near East directly relating to the mutual security program. He noted the standard of living of the various states, the number of men under arms, the major religions, and former British-French jurisdiction in the area. He strongly seconded Secretary Dulles' exposition of a new concept for defense of the area based on the northern tier of nations.

The Secretary of State commented that the old MEDO concept was certainly finished. For one thing, Turkey was still greatly feared by the Arab countries which she had once controlled. A fresh start was needed on the problem of defense arrangements, and the only concept which would work was one which was based on the contribution of the indigenous peoples.

Mr. Stassen went on to tell the Council that in every one of the major disputes currently going on in the area, the participants depended to a greater or less degree on United States assistance. This fact should be borne in mind in all our dealings with these countries and their problems. It seemed to Mr. Stassen that the best approach by the United States in working out sound defensive arrangements with the northern tier of Arab States, was to make use of Military Advisory Groups (MAGs). If such missions could be got into the individual countries they might pull them together and work out satisfactory regional arrangements. In the first instance, United States assistance should be given to those countries willing to make an agreement to defend the passes and approaches of their countries against Soviet aggression.

Mr. Stassen also urgently recommended that the United States proceed forthwith to correct the situations of a minor character to which Secretary Dulles had referred and which the President had reemphasized.

As for Syria and Iraq, Mr. Stassen felt that our economic assistance should be directed to irrigation and water development which, when carried out, would enable these states to offer a living to the Arab refugees.

The President commented that in thinking things over, Secretary Dulles had perhaps been a little "too rough on the British." He also declared his determination not to take sides between the Israelis and the Arabs. As he had informed his Egyptian visitors earlier, there were five million Jewish votes in the United States and very few Arabs. In any case, said the President, he was glad that the Tripartite Declaration was to be reestablished, and he also believed that we should commence at once to talk with the British about establishing reasonable boundaries for their sheikdoms on the Arabian coast. If this were not done, the President warned, we should have more Irans on our hands.

The National Security Council: [4]

a. Noted an oral briefing by the Secretary of State and the Director for Mutual Security on their recent trip through the Near East and South Asia, with particular reference to the situation in Egypt, Israel, Syria, Iraq, Saudi Arabia, Iran, India, Pakistan, Greece, Turkey and Libya.

b. Noted that the Secretary of State, with the approval of the President, proposed to reaffirm publicly the May 25, 1950 Tripartite Declaration.

c. Noted the conclusion of the Secretary of State that the present concept of a Middle East Defense Organization, with Egypt as the key, was not a realistic basis for present planning, and that the U.S. should concentrate now upon building a defense in the area based on the northern tier, including Pakistan, Iran, Iraq, Syria and Turkey.

d. Noted that the President deemed it of the greatest importance that all feasible actions identified by the Secretary of State and the Director for Mutual Security in the course of their trip, as desirable to rectify the causes of ill will towards the United States, should be undertaken immediately, including:

(1) A payment to Libya on account of rent from the U.S. for occupancy of the air base.

(2) An offer to train a small number of Saudi Arabian officers in the United States without reimbursement.

(3) Replacement of defective military equipment delivered to Saudi Arabia.

(4) Discussions with the British Government looking towards the settlement of conflicts over the boundaries between Saudi Arabia and the adjacent British protectorates.

(5) Consideration of a small amount of grant military equipment to Syria.

S. EVERETT GLEASON

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[4] The following paragraphs were designated NSC Action No. 801 a–d. Sent to NEA for action on June 3, and to EUR and S/MSA for information. (S/S–NSC files, lot 66 D 95, "Record of Actions by the National Security Council, 1953")

BEST COPY AVAILABLE

No. 138

780.5/6-1053: Telegram

The Ambassador in Turkey (McGhee) to the Department of State

SECRET ANKARA, June 10, 1953—9 a. m.

1479. During informal conversation after Foreign Minister's dinner June 8 for General Ridgway, Prime Minister held forth at some length on question ME defense. Prime Minister said that he had read most carefully address of Secretary Dulles made June and noted that Secretary considered it necessary delay creation MEDO until Arab States more amenable. He thereupon repeated Turk "setting up shop" theory expressed in Foreign Office memo June 1 (reference Embtel 1454 June 2 and Embdesp 791 June 3)[1] emphasizing that US, UK, France and Turkey should proceed immediately toward setting up formal MEDO in hope that after it was going concern Arab States would desire participate.

Prime Minister asked why Secretary had lauded General Naguib, who is quoted as saying that Malenkov was peace-loving man (see Embdesp 776 May 28 enclosure 2,[2] reporting Secretary's conversation with President). Prime Minister expressed doubt that international interest in Suez and Egyptian sovereignty were, as Secretary indicated, not irreconcilable. Prime Minister stated in light vein, but apparently meaning it, that if British are forced withdraw their troops from Egypt Turks would be glad have them stationed in Turkey.

Prime Minister mentioned conversation which he had with Nuri Said in London, in course which he had asked Nuri whether Iraq could break with Arab League and join with Turkey in creating nucleus for ME defense. Although Nuri indicated this not presently possible, he intimated it might be in near future.

McGHEE

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[1] Neither printed, but see footnotes 2 and 3, Document 141.

[2] Neither printed. (611.82/5-2853)

No. 139

780.5/6-1153: Telegram

The Acting Permanent Representative on the North Atlantic Council (Anderson) to the Department of State

TOP SECRET PARIS, June 11, 1953—9 p. m.

Polto 2367. Department pass Secretary of Defense. Following formal council session yesterday afternoon, [1] permanent representatives met informally to hear Turkish statement regarding MEDO. In lengthy exposé Turk emphasized strategic military and political importance Middle East for defense of free world and vital necessity of establishing regional defense organization. Efforts heretofore made to bring about realization of MEDO have been checked by (1) Arab-Israeli differences and (2) deterioration Egypt-United Kingdom relations.

Turkey regards possibility of British withdrawal from Suez with great anxiety in view absence any defense system which could fill vacuum thus created. Turk emphasized this problem of concern not only to United Kingdom and Egypt, but to all of NATO countries, and it is duty of latter to give United Kingdom full support. . . . This creates grave situation which could easily play into hands of Soviets. Therefore, NATO powers should take drastic measures to organize Middle Eastern defense since united front would show Arab States they cannot play Soviets against Western powers.

Arab Governments are far from stable and subject to frequent revolutionary changes. Under circumstances, defense of Middle East should be organized without Arab participation and without Israeli as well, but doors should be kept open to ultimate membership.

United Kingdom representative expressed appreciation Turkish remarks, stating no government should permit Egypt to think one NATO partner can be played off against another. Evacuation of Canal Zone is last thing United Kingdom wants to do, but it is difficult to see how progress can be made toward organization Middle East defense unless Egyptian Government is reasonably well disposed. Turk replied firm attitude on part of NATO governments will doubtless have salutary effect on Egypt.

Ismay wondered why it would not be possible to organize MEDO without immediate Egyptian participation, feeling that such step would have powerful influence on Egypt. He had been impressed by London Prime Ministers' Conference[2] at which India and Pakistan had both agreed with other Prime Ministers that defense of Canal Zone vital.

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[1] For documentation on this topic, see vol. v, Part 1, pp. 408 ff.

Greek representative acknowledged efficacy Turkish colleagues' arguments but counseled caution, pointing out possibility Arabs might be thrown into arms of Soviets if MEDO formed without their participation. Such a decision, if made public, might irritate Arabs and make them more recalcitrant. Turk explained he suggested no formal communiqué, but merely advocated coordination in council of NATO governments policies and moral support for United Kingdom in its dealings with Egypt, leaving complete freedom of action to United Kingdom delegate.

ANDERSON

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[2] A communiqué on the London Prime Ministers Conference was issued on June 9, 1953.

No. 140

780.5/6-1753

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

SECRET [WASHINGTON,] June 17, 1953.

Subject: American and British Attitudes on Middle East Defense

Participants: British Embassy: Mr. Beeley
NEA: Mr. Jernegan

Mr. Beeley asked me to give him our present thinking on the general question of Middle East defense. I outlined it as follows:

1. We had decided that the MEDO concept had to be put on the shelf for the present. The political atmosphere in the Arab States simply made it useless to push this plan. (Mr. Beeley indicated the Foreign Office agreed with this view.)
2. We thought the best plan for the moment would be to work individually with those States which seemed most disposed to cooperate with the West for defense. These would include Iraq, Syria and Pakistan.
3. So far as concrete military planning for area defense was concerned, in the absence of participation by States in the area, we had reached no firm position. However, on the working level the Department inclined to feel that planning should be done secretly and rather informally by military representatives of the Nations

principally concerned. Ideally, we would probably prefer to have this restricted to the United Kingdom, Turkey and the United States but I recognized it would probably be necessary to include France as well. (Mr. Beeley said he thought the British Government would feel obliged to insist on participation by Australia, New Zealand and South Africa.) I did not think we would recommend the recent Turkish suggestion that the Western Powers proceed immediately to establish a formal public planning organization for Middle East defense. NEA, at least, considered such a formal public organization would be badly received by the Arabs.

Mr. Beeley said the working level of the Foreign Office had recently restated its own old position in favor of a public MEDO along the lines of the Turkish suggestion. This restatement was now being circulated among interested Government Departments in London. He himself was not sure however that this was a sound position nor was he sure that it was completely accepted in the Foreign Office itself.

In connection with the discussions on the Iraqi situation, Mr. Beeley indicated concurrence of the Foreign Office in the idea of working with individual Arab States, notably Iraq, as a start toward building up area defense.

No. 141

780.5/6-1853: Telegram

The Ambassador in Turkey (McGhee) to the Department of State

TOP SECRET ANKARA, June 18, 1953—4 p. m.

1511. I believe it important that decision be made soonest regarding United States position on Middle East defense. Uncertainty as to definitive United States views will, I fear, result in increased differences among several MEDO-sponsoring powers and perpetuate current speculation there are serious differences between United States and Turkey this subject. Before my departure [1] I wish submit following observations as of posible use to Department in deciding best course of action. (See Embtel 1454, June 2 [2] and Embdesp 791, June 3 [3] regarding Turkish proposal on Middle East defense):

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[1] Ambassador McGhee left his post in Ankara on June 19, 1953.

[2] Not printed; it summarized a memorandum handed to the Embassy Counselor by the Turkish Under Secretary of State on June 1. The memorandum reviewed the lack of favorable reaction from Egypt and other Arab States on the Middle East Defense Organization proposals and concluded that Arab participation in a defense organization was unlikely in the foreseeable future. The Turkish Government concluded, therefore, that the United States, United Kingdom, France, and Turkey should immediately establish a Middle East Defense Organization, clearly stating that the organization would be open to accession by all Middle East countries. (780.5/6-253) *Continued*

Turk position as given reference telegram in essence writes off possibility Arab collaboration in MEDO in forseeable future and proposes United States, United Kingdom, France and Turkey move to establish Middle East defense organization open to later adherence by any Middle East state. British will likely support this proposal if stalemate with Egypt on Suez persists.

Turk reaction is that Secretary's reference Middle East defense June 1 address rather negative. They feel we recognize that establishment MEDO with Arab participation now remote possibility, but that we fail draw what they consider logical and necessary conclusion to go ahead with defense organization without Arabs. Statement in Secretary's address that Middle East collective security system "should be designed and come from within out of a sense of common design and common danger" leads Turks to fear we are prepared wait indefinitely for such manifestation Arab disposition cooperate with us. Turk argument is that we must close dangerous Middle East security gap soonest, and positive action this direction may actually spur Arab participation.

Nub of whole problem obviously effect on Arabs of overt establishment Middle East defense organization by four powers. It may eventually be necessary to take some such open step if Soviet threat still considered to exist. However, we feel immediate Arab reaction to overt planning for defense their area in absence their approval and participation likely to be negative, and that the eventual achievement our political objective of collaboration with Middle East states would therefore be rendered more difficult. We do not, in fact, believe in the "set up shop" theory of attracting the Arabs.

It would seem that we could find middle course between immediate overt action by four powers as proposed by Turks (and presumably British), and no action at all. Desirable course of action might be to leave MEDO project in abeyance for time being while intensifying unpublicized planning for defense Middle East by United States, British and Turkish military representatives. This course would leave way open for later Arab initiative or for capitalizing on particular situations, such as Iraq, envisaged by Secretary, especially if Suez question eventually resolved.

Informal exchanges of views among British, United States and Turkish military have already taken place, (General Robertson, General Wyman and Turkish General Staff representatives) which could perhaps be stepped up and formalized. French participation not considered necessary or desirable at present since only first

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The Department of State answered in telegram 1477 to Ankara, June 18, not printed. It informed the Embassy that "problem of further measures re ME defense planning arrangements now under study USG. Reply to Turks' proposal to 'set up shop' promptly must wait completion this study. However, Foreign Minister might be told informally that while Department agrees dangerous leave ME defense gap indefinitely, inclined question tactic of openly establishing exclusively Western defense organization for ME in face of Arab opposition." (780.5/6-1053)

[3] Not printed; it transmitted the Turkish memorandum of June 1.

three powers presently have military forces this area (counting United States Sixth Fleet). Such interim approach would, I believe, satisfy Turkish anxiety take affirmative steps, while avoiding danger negative Arab reaction during present very fluid period.

This connection, in my final substantive meeting with Foreign Minister June 17 latter indicated in passing that he personally favored covert approach to Middle East military planning at present time. He did not, however, indicate any official change in Turkish position as stated in note transmitted Embassy Despatch 791. This remark could have meant official Turkish position, which was first announced by Prime Minister during his visit with Foreign Minister to London last fall, derives from Prime Minister personally and views, being similar to those of British, may be ones which British persuaded him to adopt during his visit.

McGhee

No. 142

780.5/6-2653

The Secretary of State to the Secretary of Defense (Wilson) [1]

SECRET [Washington,] June 26, 1953.

My Dear Mr. Secretary: In a memorandum of June 25 [*24*], 1952, forwarded to this Department with the concurrence of the Acting Secretary of Defense on June 28, 1952, [2] the Joint Chiefs of Staff stated, "The importance of the Middle East area is such that planning arrangements should proceed regardless of whether the Arab states elect to participate at this time in the Middle East Defense Organization". Since that date, the United States Government in developing plans for the Middle East has operated on the tacit assumption that Arab cooperation would be won and a MEDO established in the near future.

The Department of State is now convinced that it would be unrealistic to continue to operate on this assumption, and that our plans should be adjusted to take account of the improbability of effecting the creation of a Middle East defense arrangement including the Arab states until there has been a significant improvement in the political atmosphere of the region.

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[1] Drafted by Daspit and cleared by S/S, S/P, EUR, G, NE, and GTI. Attached to a memorandum from Jernegan to the Secretary of State through Matthews, dated June 17, suggesting that he sign the attached letter requesting the views of the Secretary of Defense as to the desirability of proceeding with planning arrangements for the Middle East which would include only the Western powers. (780.5/6-1753)

[2] Not printed, but see footnote 2, Document 80.

The question thus arises—assuming the Department of Defense continues to hold the views quoted above as to what form of Middle East planning arrangement we should seek to establish under existing circumstances, taking account of considerations both of military efficiency and of political expediency.

In the view of this Department, it would not now be desirable openly to establish an exclusively Western planning arrangement for Middle East defense in the face of Arab opposition. Such action would have adverse political effects and would probably further postpone Arab cooperation with the West. It should be possible to accomplish essential military planning through informal, and unpublicized, arrangements which would not risk these undesirable effects. Although it seems unlikely that they would be adequate for the purposes stated in the memorandum of the Joint Chiefs of Staff cited above, the present arrangements for continuing consultation between Headquarters, Allied Forces, Southern Europe, and the United Kingdom-Middle East Land Forces provide an example of the type of unpublicized Middle East defense planning which this Department considers appropriate under present circumstances.

The Department of State would appreciate being informed as to whether the Department of Defense continues to be convinced that defense planning arrangements for the Middle East should proceed even though Arab cooperation cannot now be expected, and, if so, the views of the Department of Defense concerning the nature of such arrangements and the countries which should participate.

Sincerely yours,

JOHN FOSTER DULLES

No. 143

Editorial Note

The Foreign Ministers of the United States, United Kingdom, and France met in Washington July 10–14, 1953. At the first meeting of the Foreign Ministers of the United States and United Kingdom, on July 11, the Middle East Defense Organization, Egypt, and Buraimi were discussed. At the second meeting of the Foreign Ministers of the United States and the United Kingdom, on July 14, Egypt, the Middle East Defense Organization, Buraimi, the Yarmuk River development program, and the move of the Israeli Foreign Office to Jerusalem were discussed. For a complete set of the minutes of the meetings, see volume V, Part 2, pages 1582 ff.

No. 144

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum of Discussion at the 153d Meeting of the National Security Council, Thursday, July 9, 1953 [1]

TOP SECRET EYES ONLY

The following were present at the 153rd meeting of the Council: The President of the United States, Presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Deputy Director for Mutual Security; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Chairman, Federal Communications Commission (for Item 1); General Collins for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; C.D. Jackson, Special Assistant to the President; Colonel Paul T. Carroll, Acting White House Staff Secretary; Ralph Clark, Central Intelligence Agency (for Item 1); Commander Perry Johnson, USN, Central Intelligence Agency (for Item 1); J. J. Hitchcock, Central Intelligence Agency (for Items 1 and 2); the Acting Executive Secretary, NSC; and Hugh D. Farley, NSC Special Staff Member.

There follows a summary of the discussion at the meeting and the main points taken.

[Here follows discussion of the following agenda items: electromagnetic communications, significant world developments affecting United States security, and the situation in Korea.]

4. United States Objectives and Policies With Respect to the Near East (NSC 155) [2]

In introducing the report, Mr. Cutler observed that it had been revised to reflect the views which the Secretary of State and the Director for Mutual Security had brought back from their trip through the Near East. The chief new points in the present report were as follows: (1) MEDO was no longer played up as a likely defense arrangement in the future; (2) Egypt was no longer considered to be the nucleus of an area defense organization, and the so-called northern tier of states had been substituted for it; (3) a new look had been taken at the Suez base problem; and (4) the report advocated greater independence and greater responsibility in the area by the United States vis-à-vis Britain.

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[1] Drafted on July 10 by S. Everett Gleason, Acting Executive Secretary of the National Security Council.

[2] Regarding NSC 155, see Cutler's memorandum, Document 134. For text of NSC 155/1, July 14, see *infra*.

After Mr. Cutler had read the General Objectives and the General Courses of Action in NSC 155, he asked the Secretary of State to comment.

Secretary Dulles replied that he really had nothing to add to the comments he had made upon returning from his recent trip. He merely wanted to take the occasion, therefore, to stress one or two points which constituted changes from our previous policies toward the states of this area.

The first was the impracticality of the MEDO concept. It was too complicated, too much like NATO, and it obviously would not work. Something less formal and grandiose was needed as a substitute.

Secondly, Egypt must be discounted as a strong point for the foreseeable future, because it was so engrossed in its own problems that the free world could not depend upon it as the cornerstone of a Near East structure. On the other hand, the so-called northern tier of nations, stretching from Pakistan to Turkey, were feeling the hot breath of the Soviet Union on their necks, and were accordingly less preoccupied with strictly internal problems or with British and French imperialism. Secretary Dulles also expressed the hope that the missing link in this northern tier—namely, Iran—would some day join to eliminate the gap in the northern tier.

Accordingly, the Secretary summed up his view that separate bilateral arrangements with the states of this area were much preferable at the moment to arrangements modelled on NATO. Even so, it was dangerous to exaggerate even this possibility, but every effort should be made in view of the terrible repercussions on Europe of the loss of the Near East to the Soviets and the great advantages which would accrue to the Soviets if they secured this prize. In short, the present policy was more modest, more realistic, and more apt to produce results.

At the conclusion of Secretary Dulles' remarks the President said he had one observation to make. Without desiring to defend all the details in the concept of MEDO, he pointed out that we should not minimize the very great advantages which we derive from such multilateral defense arrangements in which the United States participated. He said that we might well want bases in the Near East at some future time, or that we might even wish to station troops in the area. The great advantage of the NATO type of defense arrangement was in providing for such contingencies. The President added, to illustrate his point, that if some arrangement had existed whereby the Western powers and the United States could have sent armed forces to the Suez base area, say, in January 1951, we might have been spared the terrible fight between Egypt and Great Britain. Whatever the difficulties, such pacts as he had in mind, said the President, permitted us greater flexibility, and we must not allow the MEDO concept to disappear entirely from our thinking. It should be reconsidered if at some future time it appeared more practicable.

In reply to the President, Secretary Dulles said that the State Department was now engaged in trying to devise a formula which would permit the stationing of United States and British forces in the Suez Canal area in the event of the threat of an attack. The general idea of the formula was that any of the Arab States which believed itself threatened by external aggression would have the right to call for the assistance of one or more of the Western powers. This formula was to be achieved by bilateral negotiations, since these were more likely to succeed than arrangements based on the Arab League or on MEDO.

Secretary Dulles also pointed out that he would certainly discuss the Suez problem again with the Marquess of Salisbury when the latter reached Washington for the Foreign Ministers conference. Time was of the essence, continued Secretary Dulles, because the Egyptians had warned him when he was in Cairo that they could keep the lid on until after we had talked about this problem again with the British, but that thereafter trouble would begin if no settlement were reached. Unfortunately, continued Secretary Dulles, Mr. Churchill has been absolutely adamant on holding the Suez base, and whether he can be induced to take a more flexible position was a question. The British were convinced that the Egyptians would ultimately give in if the British stood pat. We, on the other hand, believe that if the British do stand pat, Egyptian guerrillas will attack the base.

Mr. Cutler informed the Council that the Defense Department had misgivings with regard to paragraph 16–f of the present paper, which called for consideration and exchanging more formal commitments with such Arab countries as gave convincing demonstration of a determination to defend themselves and of willingness to cooperate with the United States.

The President then suggested that the Defense Department explain its views.

General Collins replied that he was simply unable to understand the nature of the more formal commitments herein proposed, and stated that the Staff Study did little or nothing to indicate the nature of these commitments. Noting, however, that paragraph 16–d contemplated bilateral treaties with several states, General Collins supposed that paragraph 16–f at least contemplated something more than that.

Mr. Cutler pointed out that the earlier sections of paragraph 16 referred to military assistance, whereas the commitments in paragraph 16-f indicated the possibility of sending token U.S. forces to certain of these countries or to the establishment of base rights for U.S. forces in them.

Secretary Dulles agreed with the views of Mr. Cutler as to the meaning of the paragraph, but said that the possibility of a situation arising in which it would be possible for the United States to make more formal commitments for the defense of the states of this area, now appeared to be so remote that he was quite willing to strike the paragraph and to substitute for it a statement that such commitments might be considered at some future time if conditions warranted.

. . . .

After further discussion of the use proposed for these funds, Secretary Dulles warned the Council of the continued deterioration of Israel's fiscal and economic situation, which was caused by the overimportation of goods. A serious financial crisis impended in Israel. We had already been obliged to loan them $7 million to prevent default, and Secretary Dulles anticipated that the Israelis would be back presently with a request for $100 million to stave off impending bankruptcy.

The President inquired whether we were being as tough with the Israelis as with any other nation.

The Vice President added that this question was precisely what disturbed him. As he saw the situation, the United States had been for some years under very heavy political pressure to subsidize an Israeli economy which could never balance itself. It began to look as though they would come back again and again for handouts from the United States, with no prospect of permanent stabilization or improvement.

The President remarked that he had had Rabbi Silver in yesterday and had pointed out to him quite frankly that under no circumstances would the United States favor the Israelis above the Arabs or vice versa. The whole objective of our policy, he had said to Rabbi Silver, was to try to induce these enemies to get along with each other. The President added that Rabbi Silver said that such a policy was fine with him.

Secretary Dulles went on to say that troublesome as was the present status of Israel, worse was in store thanks to their program for bringing to Israel some two million more Jewish refugees in the near future. Such a program, if carried out, thought the Secretary, would finish off whatever faint hope there was for economic stability. If we bailed them out of their present serious situation, we can only anticipate that they will go ahead and bring in additional refugees. It was precisely this prospect, moreover, that so worried and terrified the Arabs, who felt that if many more Jewish refugees were brought within the confines of Israel, that small country would explode and that the Arabs would be the chief victims of the explosion. If, said Secretary Dulles, we could somehow get the Israelis to put an end to their ambitious immigration program, this would do more than anything else to ease tension between Israel and the Arab States. As a matter of fact, Secretary Dulles pointed out, according to reports, Adlai Stevenson had taken a very tough stand on this question in recent conversations with Ben-Gurion.

Secretary Humphrey said that he had understood that the United States had told the Israelis that they would have to finance their immigration program with their present resources and credit arrangements.

Secretary Dulles replied that indeed we had said just this, but the question was, can we actually maintain this stand? . . .

There was general agreement with this position.

The National Security Council: [3]

Adopted the statement of policy contained in NSC 155, subject to the following changes:

a. Insert a new subparagraph 12-b to read as follows, and reletter the subsequent subparagraphs appropriately:

> "12-b. Capitalize on such elements of strength as remain to the British in the area by such support of United Kingdom positions as may be consistent with U.S. principles and policy objectives."

b. Delete subparagraph 16-f and substitute the following:

> "If more formal commitments with respect to defense arrangements in the area should appear desirable, submit appropriate proposals for Council consideration."

c. Appendix A, "Near East Financial Data", should be revised to show only total economic aid to the area, without reference to specific states, in order that flexibility in the use of available funds on a regional basis may be maintained, as set forth in paragraph 17-a.

Note: The statement of policy in NSC 155, as amended, subsequently approved by the President and circulated as NSC 155/1.

[Here follows discussion of other agenda items, including the possibilities of reducing the United States civilian population in sensitive areas abroad, continental defense, the Volunteer Freedom Corps, and foreign reactions to administration policies.]

S. Everett Gleason

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[3] The following paragraphs were designated NSC Action No. 843 a-c.

No. 145

S/P-NSC files, lot 61 D 167, "Near East (NSC 155)"

Statement of Policy by the National Security Council [1]

TOP SECRET
NSC 155/1

[WASHINGTON,] July 14, 1953.

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO THE NEAR EAST [*]

(Parenthetical references are to paragraphs in the Staff Study)

GENERAL CONSIDERATIONS

1. The Near East is of great strategic, political and economic importance to the free world. The area contains the greatest petroleum resources in the world; essential locations for strategic military bases in any world conflict against Communism; the Suez Canal; and natural defensive barriers. It also contains the Holy Places of the Christian, Jewish, and Moslem worlds, and thereby exerts religious and cultural influences affecting people everywhere. The security interests of the United States would be critically endangered if the Near East should fall under Soviet influence or control. (3)

2. Current conditions and trends in the Near East are inimical to Western interests. During recent years the prestige and position of the West have declined. The nations of the Near East are determined to assert their independence and are suspicious of outside interest in their affairs. In particular, the influence of the United Kingdom has been weakened, with distrust and hatred replacing

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[1] Besides this statement of policy, NSC 155/1 includes a note by the Executive Secretary stating that the National Security Council and the Secretary of the Treasury had adopted NSC 155 at the 153d meeting of the NSC on July 9, subject to the changes made in NSC Action No. 843 (see *supra*). The President on July 11 approved the statement of policy as amended and approved by the NSC and directed its implementation by all appropriate executive departments and agencies of the U.S. Government, under the coordination of the Secretary of State. NSC 155/1 superseded NSC 129/1, Document 71.

Two appendices, Appendix A, "Near East Financial Data", and Appendix B, "Tripartite Declaration by the Governments of the United Kingdom, France, and the United States (May 25, 1952)", are printed below. An NSC Staff Study on "United States Objectives and Policies With Respect to the Near East" is also included in NSC 155/1. The Staff Study is not printed because many of the paragraphs are the same as paragraphs in the statement of policy printed here.

[*] Includes Egypt, Yemen, Jordan, Saudi Arabia, Lebanon, Syria, Iraq, Israel, Anglo-Egyptian Sudan, the Arabian Peninsula Sheikdoms. Iran, the subject of a separate policy statement (NSC 136/1), is not included. This paper takes into account the importance of Turkey and Pakistan to the Near East, particularly as regards defense of the area, but does not attempt full coverage of U.S. policies toward Turkey and Pakistan, which are included in other NSC reports (NSC 36/2, NSC 109, and NSC 98/1). [Footnote in the source text.]

the former colonial subservience. France is also disliked and distrusted because of her refusal to free Morocco and Tunisia and because of her former role as a mandate power in Syria and Lebanon. Some of the distrust of the United Kingdom and France has devolved upon the United States, as an ally of both. Even more important, the Arab nations are incensed by what they believe to be our pro-Israel policy. In addition, acute political and economic instability; military weakness; widespread unrest; Arab–Israel tensions; the UK controversies with Egypt, Iran and Saudi Arabia; the French North African problem; and the Soviet activity are also unfavorable to the West. (4–13)

3. In the Near East the current danger to the security of the free world arises not so much from the threat of direct Soviet military attack as from a continuation of the present unfavorable trends. Unless these trends are reversed, the Near East may well be lost to the West within the next few years. (5)

4. Efforts to prevent the loss of the Near East will require increasing responsibility, initiative, and leadership by the United States in the area. Even though British and French influence in the Near East has declined, the UK retains substantial interests, experience, and security positions, so that the United States will need to act in concert with the United Kingdom to the greatest extent practicable, while reserving the right to act with others (e.g., France and Turkey) or alone. It is important to the settlement of outstanding political disputes that the United States convince the Arab states that it is capable of acting independently of other Western states and of Israel. (6, 14–18)

5. An organization of Near Eastern states in which the West would participate, or with which it would be associated, would probably enhance the security and stability of the area. However, until real progress can be made in settling present disputes and differences between the British and French and the local states, and until the present strong emotions of the Arab World emanating from the Israeli issue have been at least reduced, the possibility of cooperation with the Arab states generally in a formal defense organization seems unlikely. (6)

OBJECTIVES

6. Availability to the United States and its allies of the resources, the strategic positions, and the passage rights of the area, and the denial of such resources and strategic positions to the Soviet bloc. (2–a)

7. Stable, viable, friendly governments in the area, capable of withstanding communist-inspired subversion from within, and willing to resist communist aggression. (2–b)

8. Settlement of major issues between the Arab states and Israel as a foundation for establishing peace and order in the area. (2-c)

9. Reversal of the anti-American trends of Arab opinion. (2-d)

10. Prevention of the extension of Soviet influence in the area. (2-e)

11. Wider recognition in the free world of the legitimate aspirations of the countries in the area to be recognized as, and have the status of, sovereign states; and wider recognition by such countries of their responsibility toward the area and toward the free world generally. (2-f)

GENERAL COURSES OF ACTION

12. The United States should:

a. Assume an increased share of responsibility toward the area, acting in concert with the United Kingdom to the greatest extent practicable, but reserving the right to act with others or alone. (14-18)

b. Capitalize on such elements of strength as remain to the British in the area by such support of United Kingdom positions as may be consistent with U.S. principles and policy objectives. [2] (18)

c. Win the Arab states to a belief that we sympathize with their legitimate aspirations and respect their interests. (18)

d. Increase its efforts to achieve a settlement of the political differences among the states of the area, and between them and the Western nations. (18)

e. Seek to guide the revolutionary and nationalistic pressures throughout the area into orderly channels not antagonistic to the West, rather than attempt merely to preserve the *status quo*. (5-13, 32-33)

f. Stimulate measures of self-help, encourage the expansion of private investment, and provide somewhat increased economic and technical assistance. (32-34, 44-b)

g. Render limited military assistance. (14-18)

h. Encourage and be prepared to participate in collective efforts to increase the stability and strengthen the security of the area. (15-18, 32-43)

i. Support leadership groups which offer the best prospect of orderly progress towards free world objectives. (33, 44-c)

j. Make clear to the nations in the area the basically hostile intentions of the Soviet regime. (44-e)

SPECIFIC COURSES OF ACTION

13. *Saudi Arabia*. The United States should strengthen its special position with respect to Saudi Arabia to an extent compatible with general U.S. policies in the area. (22)

14. *Arab-Israel Tension*. The United States should:

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[2] Paragraph 12-b was a new addition made at the July 9 meeting of the NSC. After its addition, the subsequent subparagraphs were relettered.

a. Make clear that Israel will not, merely because of its Jewish population, receive preferential treatment over any Arab state; and thereby demonstrate that our policy toward Israel is limited to assisting Israel in becoming a viable state living in amity with the Arab states and that our interest in the well-being of each of the Arab states corresponds substantially with our interest in Israel. (23-26)

b. Use our influence to bring about, by political, economic, and psychological measures a progressive reduction in tension between the Arab states and Israel leading to conditions under which ultimate peace may be secured. (23-26)

c. Reaffirm the May 25, 1950 Tripartite Declaration; † and make clear the determination of the United States to take effective action, including the use of sanctions against an aggressor. (16)

d. Seek progress in solving the Arab refugee problem through: (1) resettlement in neighboring Arab countries; (2) to the extent feasible, repatriation to the area now controlled by Israel; (3) to the extent feasible, emigration to countries outside the Near East; (4) settlement of problems concerning development projects, blocked Arab funds, and compensation for Arab refugee property. (26)

e. Use our influence to secure Arab-Israel boundary settlements, which may include some concessions by Israel.

f. Discourage further large-scale Jewish immigration to Israel. (26-b)

g. Help to restore normal commercial intercourse, and surface and air transportation between Israel and the Arab states. (34, 40)

h. Cooperate in seeking a fair settlement of the status of Jerusalem and the Holy Places in Palestine, acceptable to the states directly involved and to most nations of the free world. (26-d)

15. *Egypt*. The United States should:

a. In concert with the United Kingdom and Egypt, seek an early negotiated settlement of the Suez Canal Base and related defense questions. Such a settlement should provide for withdrawal of British forces, but under conditions to insure the continued maintenance of the base and its availability to the Western Powers in the event of hostilities or grave threat thereof. (20)

b. Take such steps, and secure the necessary commitments, as to best insure that the Suez Canal remains open to international trade. (19-21)

c. As progress in reaching an Anglo-Egyptian settlement warrants, extend economic and military assistance to Egypt. (19-21)

16. *Area Defense*. The United States should:

a. Develop secretly plans for the defense of the area with the United Kingdom, Turkey, and such others as may be desirable. (31)

b. Take leadership in bringing the countries of the area into an organization in which the Western powers participate (or with which they are associated) and which is designed to influence the political orientation, increase the internal stability, and strengthen

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† Appendix B. [Footnote in the source text.]

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the defense of the area, recognizing that the political base for such an organization does not now exist and must first be brought into being. (27-31)

c. Seek to secure participation in such an organization, whenever politically practicable, of such other Asian and African states, particularly Pakistan, as might contribute to the security and stability of the Near East.

d. Provide limited military assistance to promote U.S. security interests, to increase confidence in the United States, and to help in developing indigenous forces which can improve political stability, internal security, and the maintenance of pro-Western regimes, and ultimately contribute to area defense. We should select certain key states for this type of assistance, choosing those who are most keenly aware of the threat of Soviet Russia and who are geographically located to stand in the way of possible Soviet aggression. In this regard, special consideration should be given to Turkey, Iraq, Syria, Iran and Pakistan. (27-31)

e. Seek to obtain transit and base rights where required within the area, and, upon the threat of and during general hostilities, the right to operate forces in the territories of the various nations of the area. (29)

f. If more formal commitments with respect to defense arrangements in the area should appear desirable, submit appropriate proposals for Council consideration. [3]

17. *Economic Aid.* The United States should:

a. Give somewhat increased economic aid so as to provide a base for necessary economic development, encourage the concept of self-help and mutual cooperation, and contribute to the settlement of disputes in the area. Maintain flexibility in the use of available funds on a regional basis so as to take advantage of changing developments in an unstable area. (32-43)

b. Encourage Near Eastern governments to recognize that the bulk of the capital required for their economic development can best be supplied by private enterprise and public banking facilities, and that their own self-interest requires the creation of a climate which will attract private investment. (37)

c. Continue to provide limited financial assistance towards the settlement of the Arab refugee problem. (34)

d. Continue limited technical assistance with emphasis on increased food production, and better health, education, communications, and transportation. Encourage private foundations and industry to provide technical assistance for the same purposes. (34)

e. Encourage the wise use by each country of its oil royalties to promote a more stable and viable economy. In this regard, consideration should be given to the establishment of an area-wide development fund, in which the West would participate, and through

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[3] Subparagraph 16-f originally read: "Consider exchanging more formal commitments with the countries which give convincing demonstration of a determination to defend themselves and willingness to cooperate with the West." It was changed in NSC Action No. 843, on July 9.

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which states having no oil resources might benefit from those who have. (37)

f. Progressively reduce the amount of economic aid furnished to Israel, so as to bring it in to impartial relationship to aid to others in the area.

Appendix A

SECRET

JULY 13, 1953.

NEAR EAST FINANCIAL DATA

The data on foreign aid for the Near East which follow have been furnished by the Office of the Director for Mutual Security, concurred in by the Department of State, and reviewed without objection by the Bureau of the Budget. The estimates for fiscal year 1954 do not reflect final Congressional action. Estimates for 1955 and 1956 are illustrative and subject to review in the light of relative priorities and over-all expenditure targets to be established for these years.

Table 1

New Appropriations

	Fiscal Years					
	1951	*1952*	*1953*	*1954*	*1955*	*1956*
	(millions of dollars)					
Economic Aid	24	77	94	156	142	127
Palestine Refugees	27	50	60	—	65	25
Military Grant Aid	—	—	—	80	100	100
Total	51	127	154	236	307	252

Table 2

Expenditures Based on New Appropriations Shown on Table 1

	Fiscal Years					
	1951	*1952*	*1953*	*1954*	*1955*	*1956*
	(millions of dollars)					
Economic Aid	24	67	88	113	134	135
Palestine Refugees	20	35	36	44	65	25
Military Grant Aid	—	—	—	13	75	135
Total	44	102	124	170	274	295

Appendix B

UNCLASSIFIED

TRIPARTITE DECLARATION BY THE GOVERNMENTS OF THE UNITED KINGDOM, FRANCE, AND THE UNITED STATES (MAY 25, 1950)

The Governments of the United Kingdom, France, and the United States, having had occasion during the recent Foreign Ministers' Meeting in London to review certain questions affecting the peace and stability of the Arab states and of Israel, and particularly that of the supply of arms and war material to these states, have resolved to make the following statements:

1. The three Governments recognize that the Arab states and Israel all need to maintain a certain level of armed forces for the purposes of assuring their internal security and their legitimate self-defense and to permit them to play their part in the defense of the area as a whole. All applications for arms or war material for these countries will be considered in the light of these principles. In this connection the three Governments wish to recall and reaffirm the terms of the statements made by their representatives on the Security Council on August 4, 1949, in which they declared their opposition to the development of an arms race between the Arab states and Israel.

2. The three Governments declare that assurances have been received from all the states in question, to which they permit arms to be supplied from their countries, that the purchasing state does not intend to undertake any act of aggression against any other state. Similar assurances will be requested from any other state in the area to which they permit arms to be supplied in the future.

3. The three Governments take this opportunity of declaring their deep interest in and their desire to promote the establishment and maintenance of peace and stability in the area and their

unalterable opposition to the use of force or threat of force between any of the states in that area. The three Governments, should they find that any of these states was preparing to violate frontiers or armistice lines, would, consistently with their obligations as members of the United Nations, immediately take action, both within and outside the United Nations, to prevent such violation.

No. 146

780.5/7-3053: Circular airgram

The Secretary of State to Certain Diplomatic Missions [1]

SECRET WASHINGTON, July 30, 1953.
CA-442

U.S. POSITION ON MEDO AND RELATED QUESTIONS

The Department refers to Embassy despatch No. 10, July 1, 1953 [2] which reports certain views of the Counselor of the French Embassy and of the Head of the Third Office of the Direction General of Political Affairs, Foreign Office, concerning Middle East defense and asks for information concerning developments in connection with MEDO and related questions.

So far as the Department is concerned, MEDO is, at least for the time being, "on the shelf". The Secretary stated this position in his speech of July [*June*] 1st, 1953 in which he referred to a Middle East defense organization as a "future rather than an immediate possibility". In the course of the Secretary's tour of the Middle East, he found that Arab resistance to a Western-sponsored defense organization was so powerful as to rule out all possibility of securing their cooperation at this time. The British were informed of these conclusions in the course of the meeting of Foreign Ministers in Washington this month.

These views were discussed with the Turks during the Secretary's visit at Ankara. The Turks agreed as to the impossibility of securing Arab cooperation at the present time but urged the establishment of an organization for Middle East defense to include the United States, Turkey, the United Kingdom and France.

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[1] Sent to Rome and repeated to London, Paris, Tel Aviv, Amman, Pretoria, Canberra, Baghdad, Beirut, Cairo, Damascus, Wellington, Karachi, Jidda, Addis Ababa, Nairobi, and Athens. Drafted by Daspit and cleared by NE, GTI, WE, RA, BNA, G, and S/S.

[2] Despatch 10 from Rome, not printed, reported that the head of the Third Office indicated his personal belief that the Western powers, particularly the United States and United Kingdom, were devising a system of peripheral defense in the Middle East, which would obviate the necessity for a Middle East Defense Organization. (780.5/7-153)

The establishment of defense arrangements for the Middle East in which the states of the area would cooperate with certain of the Western powers remain an objective of US policy. The Department considers, however, that states within the area must themselves assume some initiative in creation of such an organization and that the role of the Western powers should not appear so dominant as in the MEDO proposals. The Department does not consider that it would be desirable to proceed with the establishment of an exclusively Western organization for Middle East defense as proposed by the Turks (and at various times by the French and British as well) since such an act would in all probability be interpreted by the Arabs as a challenge rather than an invitation, and would render more difficult the task of ultimately securing their cooperation.

In the absence of a regional organization it is the intention of the Department to promote increasingly close cooperation with those states of the Middle East which are most conscious of the Soviet threat and most disposed to cooperate with the Western powers. The new Mutual Security legislation authorizes an appropriation of $50 million for military aid programs to countries of the Near East and Africa other than Greece, Turkey and Iran and, assuming that appropriations are forthcoming, the Departments of State and Defense would expect to utilize these provisions in furtherance of this objective. It is hoped that these measures may contribute to the development of conditions out of which cooperative defense arrangements will evolve. However, there is no blueprint for such arrangements and the Department's views as to the means by which they might be developed are too tentative and flexible to warrant description as a "design". The Secretary in his speech of June 1 stated that collective security arrangements for the region "must grow from within." It is the Department's view that the Western powers most directly concerned should attempt to encourage and stimulate this growth, but not to force it or to impose a pattern for its development.

The question of possible steps which might be taken in the near future toward filling the gap which now exists in defense planning for the Middle East is now under study in the United States Government, and formal approaches to the other MEDO sponsors to acquaint them with current U.S. views on Middle East defense problems are being delayed until the completion of this study. The Embassy, therefore, should not take the initiative in discussing these problems with the Italian Foreign Office. The background information provided in this airgram is for use in the event the Embassy should feel called on to comment on these matters in response to questions from the Foreign Office or from representatives of the other MEDO sponsors.

DULLES

No. 147

780.5/8-1753

The Secretary of Defense (Wilson) to the Secretary of State

TOP SECRET WASHINGTON, August 17, 1953.

DEAR MR. SECRETARY: In view of recent developments which seem to indicate that the establishment of a Middle East Defense Organization is not probable within the near future, the Joint Chiefs of Staff have restated the concept under which they believe military aid to the Middle East should be administered. Their concept has been approved and adopted as the Department of Defense position. Paragraphs of interest to the Department of State excerpted from the memorandum from the Joint Chiefs of Staff follow:

"In our memorandum dated 23 January 1953 [1] (reference b of your memorandum), we expressed the view that the problem of military aid to the Middle East (ME) falls into two phases. This memorandum assumed that a Middle East Defense Organization (MEDO) would be established during the first phase of this program. Inasmuch as recent developments indicate that the establishment of a MEDO will be postponed indefinitely, it is considered desirable to restate our concept of the nature of these two phases. The first phase would be in the nature of a priming operation and modest in scope, designed primarily to establish a politico-military climate favorable for obtaining the participation of the individual states in planning for the defense of the ME. In this first phase, it would not be possible to relate individual allocations to an over-all plan. Second phase aid would be apportioned on the basis of detailed studies concerning requirements for defense of ME and these studies must necessarily be made by some form of Allied military planning organization in collaboration with the Arab States. As stated in this 23 January memorandum, we supported an increase of $100,000,000 in FY 1954 Mutual Defense Assistance Program (MDAP) funds for military aid to ME countries as a part of the first phase.

"In arriving at a suitable force basis for the initiation of first phase military aid programs we are of the opinion that the type and size of the forces should:

> "a. Be based generally on the size of the military establishments currently maintained by ME countries, with a view toward modernization rather than expansion.

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[1] Not found in Department of State files.

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> "b. Contribute initially to internal security and establish a foundation for eventual incorporation into an effective ME defense force.
>
> "c. Be in consonance with the technical ability of the indigenous personnel."

As established in previous correspondence with the Department of State and as pointed out above, the first phase of this program is considered to be primarily for the purpose of establishing a politico-military atmosphere favorable for obtaining the participation of the individual states in planning for the defense of the Middle East. Except as allocations for the first phase may affect the second phase of the program, it is not possible to relate the initial allocations of aid to each country of the Middle East to an over-all military plan. In this connection, your attention is invited to the "Survey of Current U.S. Base Requirements Outside the Continental U.S." which will be forwarded to the Department of State within the next few days.[2]

Accordingly, the Department of State is requested to set forth the political factors which should be taken into consideration by the Department of Defense in planning the execution of the first phase of the program for the Middle East area.

Sincerely yours,

C.E. WILSON

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[2] For documentation on this topic, see vol. II, Part 2, pp. 1590 ff.

No. 148

780.5/8-2653

The Acting Secretary of Defense (Kyes) to the Secretary of State

SECRET WASHINGTON, August 26, 1953.

DEAR MR. SECRETARY: This is in reply to your letter of 26 June 1953[1] concerning planning for the defense of the Middle East in which you requested Defense Department views as to what form of Middle East planning arrangements we should now seek to establish under existing circumstances.

Your letter pointed out that, whereas the policy of the United States Government has been to proceed with planning arrangements on the assumption that Arab cooperation would be won and a Middle East Defense Organization established at a later date, the Department of State is now convinced of the improbability of effecting Middle East defense arrangements, which would include the Arab States, until there has been a significant political improvement in the region.

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[1] Document 142.

There is enclosed for your information a copy of a memorandum from the Joint Chiefs of Staff dated 11 August 1953 which states, in substance, that planning for the defense of the Middle East is continuing both within the Joint Chiefs of Staff and the North Atlantic Treaty Organization, and that such planning arrangements are acceptable for the immediate future. The Department of Defense concurs in these views.

Sincerely yours,

ROGER M. KYES

[Attachment]

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson)

SECRET WASHINGTON, 11 August 1953.

Subject: Defense Arrangements for the Middle East.

1. As requested in your memorandum dated 15 July 1953, [2] subject as above, the Joint Chiefs of Staff submit herewith their comments and recommendations with respect to the letter from the Secretary of State, dated 26 June 1953, [3] concerning defense arrangements for the Middle East.

2. The Joint Chiefs of Staff continue to hold the view that allied planning for the defense of the Middle East should proceed regardless of whether a Middle East Defense Organization (MEDO) with Arab states participating is brought to fruition. However, since this view was last confirmed in our memorandum for the Secretary of Defense dated 29 July 1952, [4] subject: "Middle East Defense Organization," the trend of events in the Middle East has caused the Joint Chiefs of Staff to modify their views as to the arrangement under which such planning could best be accomplished, taking into account political as well as military factors.

3. Specific reference is had to the stalemate in the U.K.-Egypt negotiations concerning the Suez base issue and the effect of that situation on the Egyptian attitude toward MEDO, the lack of progress toward a settlement of the Arab-Israeli problem, and the

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[2] Not found in Department of State files.

[3] Document 142.

[4] The memorandum of July 1952 is not printed; but see the memorandum of conversation by Daspit, Document 84.

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absence of any encouraging results from the exploratory approaches made to individual Arab states other than Egypt. Additionally, the Joint Chiefs of Staff have taken cognizance of the current view of the Department of State that it would not now be desirable openly to establish an exclusively Western planning arrangement for Middle East defense in the face of Arab opposition, as expressed in the Department of State letter to which these comments are addressed.

4. Recognizing the changed conditions in the Middle East, and that "The United States should. . . Develop secretly plans for the defense of the area with the United Kingdom, Turkey, and such others as may be desirable" (Subparagraph 16a, page 8, of NSC 155/1),[5] studies looking to informal and unpublicized planning with respect to the Middle East have been in progress for some time. These studies have taken two forms: discussions through NATO by subordinate commanders of Commander in Chief, Allied Forces, Southern Europe and through U.S. commanders in the area with representatives of the United Kingdom, Turkey, and other interested powers; and unilateral U.S. planning studies in anticipation of possible integration of U.S. plans with those of the United Kingdom, Turkey, and others, as deemed desirable. At the present time these efforts are not sufficiently far advanced to enable the Joint Chiefs of Staff either to indicate the extent to which our plans should be integrated with those of the United Kingdom, Turkey, and possibly others, or to make recommendations concerning the appropriate channels for such integration of plans. Nevertheless, in order to indicate the status of present efforts with respect to planning concerning the Middle East, the following are noted:

a. The Joint Chiefs of Staff are now engaged in exploratory studies relating to various aspects of Middle East defense. The Joint Chiefs of Staff have previously advised the British Chiefs of Staff that, when these studies are sufficiently developed, they will be approached in regard to conducting U.S.-U.K. planning studies both on the overall defense of the Middle East as well as the defense of such limited areas as may be necessary to permit continued exploitation of petroleum of one oil complex determined to be the most economically defensible in terms of force requirements.

b. As indicated in the penultimate paragraph of the Department of State letter dated 26 June, informal and unpublicized studies in furtherance of planning for the defense of the Middle East area have in fact been initiated in NATO through a series of conferences under the aegis of the Commander in Chief, Allied Forces, Southern Europe. In the latest of these conferences representatives of the Commander, Allied Land Forces, Southeastern Europe; the

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[5] Document 145.

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Commander in Chief, Middle East Land Forces (British), and the Turkish General Staff met at Izmir, Turkey, from 18 to 23 May 1953. [6] Further conferences in this series, including one with representatives of the Commander, Allied Air Forces, Southern Europe; the Commander in Chief, Middle East Air Forces, and the Turkish General Staff, are planned. The objective of these meetings is to provide the participating commands with information necessary to initiate preparation of detailed coordinated plans for the defense of Eastern and Southeastern Turkey and the Middle East.

c. In an effort to avoid conflicts in planning for the use of Middle East facilities during the last two years U.S. military representatives have coordinated operating requirements in the North Africa-Middle East area with the British, and to some degree with the French. As a result of your memorandum of 8 June 1953, subject: "British, French, and American Military Operating Requirements in the Middle East and Mediterranean Areas," [6] the Joint Chiefs of Staff have approved U.S. requirements, and authority has been granted to hold further coordinating conferences with both the British and the French. Further conferences with representatives of these countries are being scheduled.

5. From a military point of view, the need for a MEDO in which all of the Arab states of the Middle East willingly participate has in no way diminished. Defense planning for the Middle East cannot be fully effective until there can be formulated a single combined plan for the employment of all indigenous forces in conjunction with forces contributed by the Western powers for defense of that strategically important area. However, as an interim measure pending the consummation of a MEDO or other suitable structure within which the equipping, training, and employment of all Middle East defense forces may be fully integrated, and having regard for the political factors involved, the Joint Chiefs of Staff consider that the present arrangements for Middle East Defense Planning are acceptable for the immediate future and are the most suitable that are feasible of achievement at this time.

For the Joint Chiefs of Staff:
F. F. Everest
Lieutenant General, USAF
Director, Joint Staff

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[6] Not found in Department of State files.

No. 149

780.5 MSP/8-3053: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET CAIRO, August 30, 1953—noon.

271. Third RECNE meeting held Cairo August 28–29. Present: Caffery (chairman) Berry, Moose, Lynch, Russell, Bruins, Jones, Jernegan and Daspit (State), Paul (FOA), Sievers and Eveland (Defense). Summary record being prepared for pouching by September 11.

Highlights of meeting included:

I. United States military aid 1954.

(a) On basis assumption reported by Washington representatives that any possible requirements for Egypt–Iran–Pakistan would be met from reserve funds Title II RECNE accepted proposal whereby $30 million from subsection 202(b) directed to other Arab States and Israel.

(b) Agreed as much as two-thirds of $30 million should be allocated to Iraq and Syria with token programs in other Arab States and Israel and probably slightly larger program in Saudi Arabia (Jones, who did not arrive Cairo until after discussion this item dissents).

(c) Formula for preventing United States military aid being used for local aggression would be joint planning with United States participant. [Garble] believed acceptable to all receiving Near East countries. (Moose adds provided Syrian program large enough.) Suggest one MAAG to handle both Jordan and Lebanon if small size of programs justifies.

(d) ACSP pure propaganda document and can play no useful role our military planning in area except be possible source of language for use in eventual regional agreements. Setting up United States–United Kingdom–French–Turkish MEDO in Near East would confuse and irritate Arabs. Attempts seek combinations Arab States with Turk–Pakistan would be premature for present. Military aid program should be kept bilateral at beginning.

(e) RECNE recommends following timetable of action for all countries except Egypt which special case (see Department telegram 69 to Cairo): [2]

> 1. Joint Chiefs of Staff should proceed with military planning taking into consideration broad principles set forth above and presently available data.
>
> 2. At earliest possible moment, chiefs of mission should approach Near East governments informing them availability military aid. If Near East governments interested, United States Government would like send out small survey team for

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[1] Repeated to London, Paris, Tel Aviv, Ankara, and the Arab capitals.

[2] Telegram 69 to Cairo, July 15, transmitted the President's reply to a letter of July 11 from Naguib regarding the Suez Canal Base. For documentation on this subject, see Documents 947 ff.

joint study of needs and determination items United States could supply. (Throughout negotiations United States emphasis should be on material, rather than dollars.)

3. Arrival of survey team and joint study. Submission of concrete recommendations to United States Government within 10 days to two weeks of arrival.

4. Negotiations and signing of bilateral agreement.

End military recommendations RECNE. Other recommendations in immediate following message.

CAFFERY

No. 150

780.5 MSP/8-3053: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET — CAIRO, August 30, 1953—1 p. m.

272. Other recommendations of third RECNE meeting held Cairo, August 28–29:

II. United States economic aid fiscal year 1954.

(a) RECNE took note of Department's objectives in requiring "belt-tightening" by Israel and gradually diminishing United States grant aid with reduction to $50 to 55 million fiscal year 1954.

(b) Preliminary reactions to apportionment as among other countries: Caffery wishes at least $25 million be available for use at appropriate time in resolution Suez base problem.

Moose feels $17 million maximum for Syria not unrealistic, but observes (1) Syrian interest in economic aid secondary to military; (2) we should do nothing discourage Syrians in their stated intent finance GHAB with borrowed money; (3) Euphrates development requires detailed negotiations Syria, Iraq, Turkey.

Berry holds present view that no special economic aid now needed in Iraq. Will take another look in light regional and other considerations and report directly to Department.

Lynch goes along with $10 million figure for Jordan.

Bruins states no present demonstrated need for special economic aid Lebanon. Decision as to United States grant component in financing Litani construction should be made soonest after completion phase II Point IV survey and Lebanon efforts finance with local and loan capital are known.

Jones urges significant United States grant aid program Saudi Arabia of magnitude several million dollars in fields water development, irrigation and roads, justifiable on grounds United States economic and strategic interests Saudi Arabia. Saudi Arabia program should stand comparison with those in other Arab States.

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[1] Repeated to the Arab capitals, London, Paris, Tel Aviv, and Ankara.

(c) RECNE members unprepared comment on latest Departmental proposals regarding specific projects this time. (Exception is Egypt—Caffery goes along with all projects listed in TCA document.) Will review with economic and FOA staffs and comment directly to Department.

(d) Lack of enthusiasm for regional projects in general and highway proposals in particular. Haifa free-port with connecting roads unrealistic for fiscal year 1954. Syrians more interested in roads opening Jezirah than in communications with other countries. Iraq desires system putting Baghdad on trunk line, rather than feeder. Mission chiefs will comment further after more study.

III. Arab Development Bank.

General agreement as to value of idea, but doubts as to present prospects. Capital from oil poor states unobtainable. As for oil rich states: Iraq's revenues committed to development board for next five years; Saudi Arabia still chronically overspent and in any event prefers capital exports other Arab States on basis political largesse, rather than economic investment; Kuwaiur revenues fully employed in local development and relieving fiscal pressure on United States. Skepticism as to motives behind Arab League's proposal or Arab ability follow through. United States should watch and encourage this development but not count on it.

IV. Jerusalem. [2]

Department's proposal studied with interest. Doubt expressed by Caffery whether Catholic support for Article 1 (d) of Swedish draft resolution would be forthcoming since this tends confirm Greek Orthodox in their possession of certain holy places. Russell feels idea attractive and suggests (1) if put into effect Israel be invited renounce all future claims old Jerusalem; (2) care be taken keep USSR and satellites out of United Nations overseer machinery. View other members is that revived Swedish proposal would be viewed by Arabs as formal recognition Israel *fait accompli* and that we are better off with situation as now stands. Proposal worthy of re-examination in framework over-all attack on all outstanding issues between Arabs and Jews.

V. Jordan-Yarmuk Development.

Broad principle of unified development Jordan Valley for maximum refugee resettlement and greatest good to greatest number highly laudable. Caffery thinks TVA proposals could with some difficulty be sold to Egyptians as they now stand. Russell states Israel would strongly object, but TVA report represents only sound policy and should be implemented. Lynch states TVA proposals unrealistic in light current political situation and attempted payment would retard rather than advance United States objectives in area. Moose and Bruins have grave doubts as to political feasibility TVA proposals.

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[2] For documentation on this subject, see Documents 381 ff.

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There is also hesitation recommend that United States take major policy step in light of highly conflicting engineering judgments as to technical feasibility as between TVA and TCA/Jordan. Feeling is that United States Government should be completely sure of ground technically before embarking on political course action. Among technical questions to be firmly answered are (1) suitability Tiberias as reservoir view evaporation and geological faults, and (2) firm opinion from Baker–Harza engineers on spot as to feasibility cost time of construction Maqarbn Dam. Baker–Harza study should forward as expeditiously as possible while more convincing data regarding Tiberias as reservoir should be sought from all sources including Israel.

VI. UNRWA.

RECNE took note of projected firm line of Carver report to United Nations General Assembly. [3] Agreed would be useful take further diplomatic steps convince Arabs relief has time limit and necessity for more expeditious cooperation on resettlement.

CAFFERY

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[3] Not further identified.

No. 151

780.5/8-1753

The Secretary of State to the Secretary of Defense (Wilson) [1]

TOP SECRET [WASHINGTON,] September 8, 1953.

DEAR MR. SECRETARY: I refer to your letter of August 17, 1953, [2] in which you informed me of the concept under which the Joint Chiefs of Staff believe military aid to the Middle East should be administered. You requested that the Department of State set forth the political factors which should be taken into consideration by the Department of Defense in planning the execution of the first phase of the military aid program in the Middle East area.

The Chiefs of American Diplomatic Missions in the Arab States and Israel met at Cairo on August 28 and 29, together with representatives of the Department of Defense and Department of State, to discuss this question. [3] They came to the following conclusions:

1. The $30 million appropriated by the Congress specifically for military aid to the Near East (exclusive of Greece, Turkey and Iran) should be programmed as soon as possible for assistance to Iraq, Syria, Saudi Arabia, Israel, Jordan and Lebanon. If it should

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[1] This letter was drafted by Jernegan and cleared by NE, S/S, EUR, and S/MSA.

[2] Document 147.

[3] See telegrams 271 and 272 from Cairo, Document 149 and *supra*.

be decided that military grant aid to Egypt and Pakistan, or additional military grant aid to Iran, is necessary, these programs should be financed out of the sum of $50 million which has been tentatively ear-marked as reserve out of funds appropriated under Title II of the Mutual Security Act of 1953.

2. As between the countries which would share in the $30 million sum, something in the neighborhood of two-thirds of the total should be programmed for Iraq and Syria. A somewhat smaller amount, possibly in the neighborhood of $5 million, should be programmed for Saudi Arabia. A still smaller amount should be allocated for infrastructure in Israel, and token programs should be undertaken in Jordan and Lebanon.

3. Every effort should be made to initiate these programs as quickly as possible. As soon as the necessary decisions are taken in Washington regarding the general order of magnitude of programs to be offered to each country, the American Chiefs of Mission in the area should be authorized to discuss with the governments to which they are accredited the initiation of military aid programs and, if the response of the local governments is favorable, to arrange for the dispatch of survey missions to study the exact character of the equipment and training to be furnished each country. Following the report of the survey missions, the American Diplomatic Representative in each country would then undertake formal negotiation of the usual bilateral military assistance agreement.

4. As a means of increasing American influence in the countries concerned and of giving greater assurance that the arms furnished would be used only for defense against aggression, we should seek in appropriate cases to establish formal or informal arrangements for joint military planning between the individual local governments and the United States. This was especially recommended with regard to Iraq and Syria. It was not recommended that we attempt at this time to expand this type of bilateral planning into any sort of regional multilateral planning, although in the case of Iraq close coordination and probably even tripartite planning with British would be necessary.

I believe the foregoing recommendations are sound from a political point of view. If you concur in them, I hope the Department of Defense will take early action to lay down the general lines of military assistance to each of the countries concerned and will prepare for the early dispatch of survey teams, so that our Diplomatic Representatives may be instructed to open discussions as quickly as possible.

The Department of State will communicate with your Department at a later date regarding possible military aid programs for Egypt and Pakistan and a possible increase in the presently planned program for Iran. These will depend upon certain political factors which are not yet clear.

Sincerely yours,

JOHN FOSTER DULLES

No. 152

780.5/9-1753: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

CONFIDENTIAL ANKARA, September 17, 1953—noon.

291. Embassy informed by *New York Times* correspondent Hangen that in interview yesterday with Major General Ayub Khan, Commander Pakistan Field Forces, and Pakistan Defense Secretary Iskander Mirza, he raised question possible "northern Middle East defense pact". Pakistanis stated they favored such pact based on Turkey and Pakistan and probably including Iraq, but not Iran at present because too weak. They added, however, that they could take no action in this direction without go-ahead signal from US and that no word on this subject yet received from US. Pakistanis made clear US military and economic assistance would be prerequisite. Expressed view US has wasted too much time on Arab States and should encourage this new approach to Middle East defense.

Apparent throughout conversation that Ayub and Mirza preoccupied with problem relations with India and this major consideration in all their thinking. Foreign Office Under Secretary Birgi, in conversation with Hangen, expressed favorable personal reaction to idea of close Turk-Pakistan defense collaboration but "groundwork would have to be very carefully laid". He said Turks would have to be sure Pakistani objective was not to use them against Indians.

Hangen has not yet sent despatch and states he intends phrase it carefully to avoid possible embarrassment Pakistanis.

I am having private luncheon with Ayub and Mirza today and shall report further this subject thereafter. [2]

WARREN

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[1] Repeated to Karachi.

[2] See telegram 332 from Ankara, Sept. 28, *infra*.

No. 153

780.5/9-2853: Telegram

The Ambassador in Turkey (Warren) to the Department of State

CONFIDENTIAL ANKARA, September 28, 1953—1 p. m.

332. Reference: Embtel 291, September 17, 1953.[1] General Ayub and Major General Mirza guests in Istanbul at dinner party given for Kyes and Nash[2] with whom they had lengthy conversations. Next day Mirza returned to Karachi and Ayub flew to US arriving New York 27th for three weeks tour American military installations guest Department Army.[3] Nash told him he would see him Washington after he and Kyes returned Defense Department October 8.

Ayub and Mirza told me they were impressed with ability of Turkish training and attitude of American teaching staff many of whom they met during tour of Turkish installations that included visits to Fifth Armored Brigade, Signal School, Air Force School, Air Technical School, Communications School, First Army Headquarters [garble] Staff School and Cavalry School. They also saw some maneuvers including tanks and were impressed generally with Turkish military posture.

Ayub told me at private luncheon he had brought Mirza along with him to Turkey in event there should be some indication from Turks of an interest in Pakistani participation in Western defense scheme. The only Cabinet member he met was new Minister of Defense who did not impress him. He said Minister was obviously a stop-gap appointment who was holding down portfolio until after next year's election. He found no disposition on part of Turks to talk about substantive matters of area defense. He did not meet President, Prime Minister or Foreign Minister all of whom were not available at places he visited.

He had one criticism of Turkish attitude. He said he had not seen their mountain troops but he did have impression they trying place too much emphasis on armor which in his opinion would be of little use to them in event of hostilities except possibility in Thrace and would require adequate air cover. He thought use of armor on Anatolian Plateau without air cover was to make their forces there sitting ducks for Soviet air attack.

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[1] *Supra.*

[2] Circular airgram 830, Aug. 18, not printed, gave details of a proposed trip by Deputy Secretary of Defense Roger M. Kyes. (102.202/8-1853)

[3] For documentation on U.S. relations with Pakistan, including the question of military assistance, see vol. XI, Part 2, pp. 1818 ff.

General Shephard who attended dinner in Istanbul informs me Ayub answered question put to him by Frank Nash as to guarantees Pakistanis might offer that they would not use a reinforced military establishment against India by saying he was prepared to give any guarantees that might be suggested by US.

WARREN

No. 154

790D.5 MSP/10-253

The Acting Special Assistant to the Secretary of State for Mutual Security Affairs (Nolting) to the Assistant Secretary of Defense for International Security Affairs (Nash) [1]

TOP SECRET [WASHINGTON,] October 2, 1953. [2]

MY DEAR MR. NASH: I refer to the letter forwarded to the Secretary of Defense by the Under Secretary of State September 30 [*October 1*], 1953, [3] which set forth various policy considerations involved in proposed programs of military assistance to the States of the Middle East. Among the matters discussed in that letter was the desirability of an offer by the United States to equip an infantry regiment for Pakistan, provided the Pakistan Government agreed to make such a regiment available for service with the United Nations Command in Korea.

As you know, General Ayoub, the Commander in Chief of the Pakistan Army, is now in the United States. In the course of his discussions with the Secretary and the Under Secretary of State on September 26 and 27, [4] he made a strong plea for United States military assistance. He was told that although it was not then possible to state the United States position on this question, we expected to be able to tell him something definite on his return to Washington October 15, following the completion of his tour of United States military installations.

It is therefore necessary to come to a prompt decision on the question of whether the United States shall offer to Pakistan a program of military assistance along the lines proposed by this Department. For the reasons set forth in my letter of October 2, 1953 concerning military assistance for Egypt, [5] I think the question of the ultimate source of funds to be utilized in such a program might appropriately be left open for the time being.

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[1] This letter was drafted by Daspit and cleared by NEA, SOA, and S/S.

[2] A handwritten note on the source text reads: "Delivered by S/S R 10/3/53, Mr. Byrnes messenger. Defense: Nash; FOA: Stassen; EUR/RA: Mr. Moore."

[3] Not printed.

[4] For documentation on the visit of General Ayub, see vol. XI, Part 2, pp. 1162 ff.

[5] For documentation on military assistance to Egypt, see Documents 947 ff.

I suggest that the problem of assistance to Pakistan should be discussed in the meeting of State, Defense and Foreign Operations Administration representatives which I proposed in my letter of October 2 should be held early in the week beginning October 5.

I am sending a copy of this letter to Mr. Stassen.

Sincerely yours,

FREDERICK E. NOLTING, JR.

No. 155

790D.5 MSP/10-1553

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Assistant Secretary of Defense (Nash) [1]

TOP SECRET [WASHINGTON,] October 15, 1953.

Subject: Military Assistance to Pakistan

I refer to my conversation with you on October 12th on this subject. [2] I have since that time discussed the matter again with the Secretary and General Smith. As a result of these conversations General Smith made the following points to General Ayub in his meeting with Smith and myself this morning:

1. It had been impossible for the US Government to fully work out a position on this subject prior to Ayub's return to Washington. While this was the case, Ayub should nevertheless know that high officials in Washington were at the moment attempting to work out a line of procedure that would be mutually satisfactory to the US and Pakistan.
2. The US does consider Pakistan as a true friend and we are approaching the problem with a desire to work out a program of military assistance to Pakistan which can start during this fiscal year.
3. We here are considering as a part of the package the equipping of Pakistan troops which might be sent to Korea although we have not made a governmental decision to approach the Government of Pakistan on this subject. We see certain possible advantages to such an initial step as it would (a) provide hardware and training quickly for some Pakistan troops, (b) assist us in our political difficulties involving assistance to Pakistan, and (c) be a popu-

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[1] A handwritten note on the memorandum indicates that the original was hand-carried to the Pentagon.

[2] Presumably this is the meeting referred to in the last paragraph of the Oct. 2 letter from Nolting to Nash, *supra*. No memorandum of the conversation has been found in Department of State files.

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lar move in this country which would better insure continued Congressional approval for assistance to Pakistan.

4. A survey mission would probably go to Pakistan to determine what direct aid might be provided this year and lay the basis for continued direct aid in the next fiscal year.

5. We cannot enter into direct negotiations with Ayub while in Washington as these are matters which must be negotiated between governments. Ayub's mission here has served in stimulating interest and providing ideas on which to form a governmental decision. The next step would be communication to the Government of Pakistan, which would be done as soon as the US position was firm.

6. Ayub should utilize his stay with further conversations with Defense and State officials to more completely explore procedures for arriving at eventual US–Pakistan agreement. It was suggested that a combined State–Defense meeting with Ayub might be desirable.

7. In the meantime it was essential to us, and probably to the Pakistan Government as well, that there be complete secrecy that explorations were underway here regarding US military assistance to Pakistan. The US would be greatly embarrassed if such leakage occurred prior to certain diplomatic moves it considers essential.

I consider it important for all United States officials concerned to bear in mind the extreme delicacy of our relations with India at the present moment and the necessity for maintaining complete secrecy until we are ready to give the Indians appropriate explanations regarding our plans for Pakistan. It is also important to consider that General Ayub is not officially commissioned by his Government to discuss military assistance. Although he is high in the Councils of the Pakistani Government, he cannot make decisions or commitments affecting political matters such as the participation of Pakistan in the Korean operation, nor does he have the authority to pass on matters affecting Pakistan's relations with India. Any negotiations or commitments regarding military assistance will have to be undertaken through normal channels in Karachi.

We have talked to the British about US assistance to Pakistan. We feel it essential to be in step with the British if possible because of their Commonwealth responsibilities and the more practical aspects of fitting US equipment into what is now essentially a British equipped army. They have promised us their answer tomorrow, October 16th, here in Washington, but it is almost a certainty that Eden will raise the question with Dulles in London. If for no other reason this point alone should delay our hand in making a completely firm commitment to Ayub at this time.

I understand that Ayub will see Mr. Kyes and yourself, General Ridgway and possibly others in the Department of Defense. It would be appreciated if you would undertake to brief all those concerned in your Department. In view of the time element I would appreciate as well being informed immediately if the substance of our remarks to Ayub this morning conflicts in any way with Department of Defense thinking. I should be glad to come to see you this afternoon if such is the case.

HENRY A. BYROADE

P.S. For your information, Zafrullah Kahn and General Ayub have not responded favorably to explorations made to them regarding Pakistan troops for Korea.

No. 156

780.5/10-1953: Telegram

The Chargé in India (Mills) to the Department of State [1]

SECRET NEW DELHI, October 19, 1953—9 p. m.

654. 1. New Delhi Embassy appreciates possible need Pakistan participation in proposed MEDO and possible requirement United States military aid to accomplish this objective. This Embassy's present comment is directed towards weighty considerations bearing on method of furnishing such aid so as to avoid grave hazard to other important American objectives in South Asia.

2. In our opinion, an assurance by Pakistan such as that outlined in Department telegram 404, October 13, [2] would not be accepted at face value by Government of India in present context Indo-Pakistan relations regarding Kashmir. Even though accompanied by United States assurance of opposition to aggressive move by Pakistan, we believe Government of India would remain unconvinced.

3. We earnestly recommend re-examination method of supplying aid.

Consensus of senior officers of Embassy that Indian response to direct military aid to Pakistan will be bitter and vigorous and will color and perhaps change course of United States-India relationship for long time to come.

We therefore, strongly urge Washington adopt method of indirect aid to accomplish objectives in Pakistan. Department, of course, realizes United Kingdom accomplishing desired objectives Pakistan through unobtrusive means by quietly extending line of credit, enabling Pakistan make essential military purchases without risk of damaging inflammatory publicity.

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[1] Repeated to London and Karachi.

[2] Not printed; it informed the Embassy the United States would require explicit assurance by Pakistan that the arms would not be used aggressively. The final paragraph reads: "We would tell India of Pakistan's assurances when we informed India re any agreement reached and would assure India of strong US opposition to any aggressive move which Pakistan might make. We would of course tell Pakistan of our assurances to India." (780.5/10-1253)

4. In case United States military aid granted, Embassy hopes Indian Government will be informed by United Kingdom its approval.

MILLS

No. 157

Ankara Embassy files, lot 57 F 72, 400 MED, 1953–54

The Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Ambassador in Iran (Henderson) [1]

TOP SECRET [WASHINGTON,] November 9, 1953.
OFFICIAL–INFORMAL

DEAR LOY: In your despatch No. 196 of September 30, 1953, [2] you referred to Cairo's telegram No. 280 of September 3, [3] reporting that Nuri Said had told Ambassador Caffery that when the Shah was in Baghdad he had proposed a regional military agreement among Iran, Pakistan, Iraq and Turkey. You remarked that if the Shah actually made such a proposal he must have done so in a "moment of ebullience" and you went on to say that the Shah had not given any indication to you of a belief that the time may be at hand for Iran to enter into any such agreement. You added, however: "there is a possibility that if the Western Powers would undertake to modernize the Iranian Army, the Shah would show more interest in the establishment of an alliance among Iran, Pakistan, Iraq, and Turkey."

Your despatch happened to reach us at a moment when this subject had just been recalled to our thoughts as a result of working-level consultations with the staff of the Joint Chiefs of Staff. We had found very keen working-level interest in the possibility of just such a regional arrangement as Nuri mentioned, comprised of the same four countries. This grouping would be ideal for the implementation of the strategic concept they favored . . . . You will recognize this as the classic British plan which has never been embraced by our own Joint Chiefs. We are unable to guess whether the enthusiasm of the staff planners indicates that the Chiefs are finally veering around to this concept. The thought expressed by the Pentagon planners was that initially we should attempt to bring about a four-power planning organization along the lines of the moribund Middle East Defense Organization concept but without the direct and overt Western participation which that contemplated and without attempting to bring in any of the Arab States except Iraq. The ultimate objective, of course, would be a full defensive pact possibly with additional participation from states both within and without the Near East, but our military contacts in question thought that much could be accomplished toward the defense of the area without going that far.

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[1] Repeated to the Ambassadors in Turkey, Iraq, and Pakistan.

[2] Not printed; it contained comments about an alleged proposal by the Shah of Iran for a regional military agreement among Iran, Pakistan, Iraq, and Turkey. (787.5/9–3053)

[3] Not printed; it reported a conversation between Caffery and Nuri Said. (641.74/9–353)

Having convinced themselves that it could be utilized to implement the strategic concept they favored, the Joint Staff working group thought we should concentrate most, if not all, of our available military aid funds for the Near East, in this and succeeding fiscal years, on strengthening Iraq, Iran, and Pakistan. (Turkey, of course, would get substantial help in any case.) They would propose to do this even if only three, or perhaps only two, of the four countries in question were disposed to enter into the kind of arrangement contemplated. In other words, they considered that joint planning even if confined to Turkey and Pakistan, Turkey and Iran, Turkey and Iraq, or any other possible combination of two or more would be a significant step toward an eventual satisfactory arrangement for the war-time defense of the Middle East and South Asia and one which we should support to the extent of our abilities.

I do not know how far this thinking has spread in the Department of Defense. We may have further indications within the next week or two since the Joint Chiefs of Staff are expected shortly to give us their views on the manner in which military aid funds should be apportioned in the area. On the part of the staff planners, it seems to have been compounded of a number of elements: (a) the changed situation in Iran and reports they had read of the Shah's interest in building an effective defense force; (b) the insistently expressed desire of Pakistan leaders for closer military ties with us; (c) continuing indications of Iraqi concern with the menace of the North and consequent disposition to co-operate with the British and ourselves; (d) the possibility which the combination of these elements with the elimination of the old Arab-based MEDO project seemed to afford of developing an organization which could be keyed directly to what they considered a viable strategic concept.

I need hardly say that in the abstract, the idea of the four-power pact appeals as much to the Department of State as to anyone in the Pentagon. It is directly in line with the Secretary's idea of concentrating on the "northern tier", which he formulated on his return from his Near Eastern trip last Spring. If the pact should be developed, and the Defense Department endorses the strategic concept which it would appear to carry with it, we would be provided with a solid basis for military programs to the region which is now altogether lacking. The modest military assistance programs which will be developed this year must be justified almost entirely on political grounds, and in the absence of more solid military justification prospects for future programs will not be too bright. The Chiefs have implied that they will be prepared to start a real military build up once we had a regional defense arrangement in being which would make possible joint planning of the Western Powers with the Middle East states. The difficulties of Congressional persuasion would also be considerably eased. Since we are now reaching a critical stage in the development of national policies concerning foreign aid, whether or not in the next six to twelve months there appears to be a political base on which to build a Middle East defense structure may be decisive in determining whether we ever attempt a military program of real significance in the Middle East. Putting forward at this particular time, however, does raise some serious problems for us:

1. It omits all of the Arab States, except Iraq, and likewise Israel. We have been counting substantially on military aid to the Arabs, especially Syria and Egypt, as a lever to improve relations and solve some of the pressing regional problems such as Jordan Valley Development and the Suez Base. Saudi Arabia, too, is very restive and is demanding military aid as a *quid pro quo* for the Dhahran air base and other items we need. Egypt and Saudi Arabia can probably be taken care of as exceptions on military grounds; that is, Defense will probably agree to allocating aid funds to those two countries as the price of getting specific military advantages for our side, but Syria, Jordan, Lebanon and Israel present relatively little military justification for assistance, and although we might succeed in securing limited funds for them this year, they would almost certainly be excluded from any future programs.
2. Pakistan (not to mention the others) would almost certainly be unwilling to join the pact unless she were assured of substantial American military aid, and this raises the spectre of strong Indian reaction. We may decide to risk this in any case even without a pact, but it is an important consideration.
3. If we attempt to bring about a four-power pact, there is a danger that this very fact will bring such heavy pressure from their own peoples and from other Arab States on the Governments of Iraq and Iran as to force them to pull back from their present very tentative overtures to the West, whereas assistance to them on a strictly bilateral basis would be accepted without trouble and even with pleasure.

Other difficulties can also be envisaged such as strong Afghan objection (query: Should Afghanistan be included in the concept?) and the inevitable Russian charges of "aggressive imperialist encirclement".

I am writing you this rather lengthy exposition and sending copies to Ambassadors Warren, Berry and Hildreth, in order to get the informal views of the men on the spot. I realize that little or nothing of what I have said is new to you, but I thought it might be helpful to set it down on paper as a basis for an exchange of ideas.

With regard to Iran, of course, the first question to be answered is whether the Shah *and* the Government would be willing and strong enough now and in the foreseeable future to risk the domestic and foreign repercussions of a public alignment with a Western-oriented group, even though that group would not be directly and formally tied to the Western Powers. The same question arises, though perhaps to a lesser degree, with regard to the governments of Iraq and Pakistan. Since it has a direct bearing on the answer to this question, I should make clear that in fiscal year 1954 the amount of aid which could be furnished to Iraq, Iran and Pakistan would necessarily be relatively small. As a guess, I would say that Iran might get a total of $20 million (including the amounts already earmarked). Iraq perhaps $10 million and Pakistan $15 to $20 million. If all went well, we would assume that larger amounts could be made available in succeeding years, the sums depending primarily on the military value received in the form of strengthened indigenous defense forces and increased military facilities for Western forces in time of need.

If it should be felt that political factors in the region made it feasible at least to plan for a four-power pact, the next question would be that of the timing and procedures to be adopted. When should the first overtures be made to the respective Governments? Through what channels? Should we try to get the Turks or the Pakistanis to take the lead . . ., while we lent discreet support in the background? Or would it be better for the United States to make simultaneous direct approaches to all four? How should Britain be brought into the picture? (It would seem impossible to leave her out altogether in a matter affecting Iraq and Pakistan.) Should France have any hand in the operation?

Many more questions of this kind could be posed, among them the economic capacities of the respective countries to support stronger military forces, but I doubt that it is worthwhile to take up space with them at this juncture.

It would be a great help to us in NEA if we could have your comments and those of the other Ambassadors concerned at an early date.

Please treat this letter as strictly informal and personal. It has not been cleared by anyone outside of our Bureau and is intended merely as a preliminary sounding and not a basis for action.

With all best regards and congratulations on the splendid job you are doing.

Sincerely,

JOHN D. JERNEGAN

No. 158

780.5/8-1753

The Under Secretary of State (Smith) to the Secretary of Defense (Wilson) [1]

SECRET [WASHINGTON,] November 12, 1953.

DEAR MR. SECRETARY: I understand in submitting to the Bureau of the Budget its estimates of the funds required for military assistance programs in Fiscal 1955, the Department of Defense made no provision for programs for countries of the Middle East other than Greece, Turkey, and Iran, and that this omission was explained on the ground that since FY 1954 programs for these countries had not yet been approved, it was impossible to forecast FY 1955 requirements.

I am disturbed by the implication that there will be no request for military assistance funds for the Middle East in the FY 1955 budget until the FY 1954 programs are firmed. In view of the delays which have already occurred in the development of the FY 1954 programs, and the number of additional steps which will be necessary before these programs can be firmed, the effect of this position, given the planned schedule for completing the FY 1955 budget, would be entirely to eliminate military aid for the Middle East.

I am confident that the Department of Defense does not desire this result. In your letter of August 17, 1953, [2] you restated the concept of the Joint Chiefs of Staff, which you informed us had been approved and adopted as the Department of Defense position, that military aid to the Middle East falls into two phases, of which the first would be intended primarily to establish a politico-military climate favorable for obtaining the participation of the individual states in planning for the defense of the Middle East, and the second would be designed to meet the estimates of requirements for Middle East defense made by some form of Allied military planning organization in collaboration with the Arab states.

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[1] This letter was drafted by Daspit and cleared by NEA, S/S, and S/MSA. A handwritten note at the end reads: "cc FOA Mr. Stassen thru S/MSA Nolting, S/MSA Mr. Nolting, NEA Mr. Daspit. Orig memo ret'd to NEA. Byroade."

[2] Document 147.

It is obviously impossible to predict now, while the general character of first phase military aid programs is still under consideration within the Executive Branch, what progress these programs will make in the development of conditions which will permit the initiation of phase two. We have, of course, given up hope of effecting in the near future the establishment of a MEDO in the general form agreed to by the Western sponsoring powers. There are, however, other potential arrangements which might prove both easier to realize and more effective for purposes of Middle East defense. For example, there have been certain indications recently that it might prove possible to interest Pakistan, Iran, Iraq and Turkey in a form of joint defense arrangement.

Although it cannot be said with certainty that the provision of United States military assistance will assure the ultimate development of this or any other satisfactory regional arrangement, it can be said that without United States military assistance it is certain that no such arrangement will develop. There will be other negative results of a failure to carry through in FY 1955:

1. Assuming that during the present fiscal year a Suez settlement is reached, the prospects of evolving some arrangement which would make the base available to the West on a long-term basis would be materially reduced.
2. The United States position in Saudi Arabia would be rendered more difficult and the possibility of securing additional rights at Dhahran air base would be further worsened.
3. Considering the encouragement which we have informally extended to Pakistan, the termination of military assistance to that country after a modest beginning in this fiscal year would leave us in a worse position than we were at the start. The political repercussions in the country would be extremely serious. At the least, we would have to renounce all idea of developing Pakistan into a centre of strength for the free world.

To avoid these negative developments, and to be in a position to further the positive political gains, we are confident we can register through the use of this year's funds, we believe that additional funds of approximately the same order of magnitude as those requested by the Executive Branch for FY 1954 will be required for FY 1955. This is a judgment based principally on political considerations. If in the view of the Department of Defense it would be desirable on military grounds to begin a substantial build up in one or more of the Middle East countries (including Pakistan), additional funds will, of course, be required.

I am informed that the advice of the Joint Chiefs of Staff concerning the allocation of this year's funds by services among the several Middle East countries is expected shortly. On this basis it should be possible to form a judgment as to the general magnitude and character of the programs which might be contemplated in FY 1955. I am hopeful that as soon as these data become available the Department of Defense will develop on an urgent basis an estimate for submission to the Bureau of the Budget. If there is anything which this Department can do toward facilitating such a submission, or if there appear to be reasons why such an estimate cannot be promptly submitted, I would appreciate your advising me at once.

I am forwarding a copy of this letter to the Director of the Foreign Operations Administration.

Sincerely yours,

WALTER B. SMITH

No. 159

780.5/11-2453

Memorandum by the Joint Chiefs of Staff to the Secretary of Defense (Wilson) [1]

TOP SECRET WASHINGTON, 14 November 1953.

Subject: Security Arrangements for the Middle East.

1. Reference is made to our memorandum dated 11 August 1953, subject: "Defense Arrangements for the Middle East" [2] and to your memorandum dated 16 October 1953, subject: "Grant Military Assistance to the Middle East." [3]

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[1] This memorandum was an enclosure to a letter from the Secretary of Defense to the Secretary of State, dated Nov. 24, not printed. Referring to the Joint Chiefs of Staff memorandum of Aug. 11 (attached to Document 148) the letter reads, in part: "In order to bring you up to date concerning the progress of this planning, there is enclosed herewith a copy of a further memorandum from the Joint Chiefs of Staff setting forth their present views as to what type of defense arrangements should be considered at this time. The views set forth in this memorandum, in which I concur, appear to coincide with the views expressed in your letter of 26 June [Document 142]; but, due to the trend of recent developments in the Middle East area, go a step further." (788.5/11-2453)

[2] Attached to Document 148.

[3] Not found in Department of State files.

2. As a result of recent developments in the Middle East, the Joint Chiefs of Staff are currently re-examining the U.S. military position with regard to security arrangements for the area, including the proposed Middle East Defense Organization (MEDO) and the grant military assistance program for the Middle East. The recently reported interest of the Shah of Iran in increasing the defensive capability of the Iranian Army,[4] the views of the Commander in Chief of the Pakistani Armed Forces with respect to defense of the Middle East as expressed to the Turkish General Staff and to high officials of the United States Government,[5] and reports from U.S. representatives in Iraq regarding the recognition by the Iraqi Government of the Communist threat were considered.

3. The above developments and the continuing infeasibility of MEDO point up a possibility that from a military point of view, the time might be propitious for encouraging Turkey, Pakistan, Iran, and possibly Iraq or a combination thereof, to form a defense association. This concept would visualize an association of indigenous forces under an indigenous command advantageously located with relation to the current threat. It would also provide for the evolutionary growth of a defense organization which could logically develop in time to include other Middle East countries, India and Afghanistan. Not only would the foundation be laid in a strategic area, but there would be no dependence upon a satisfactory resolution of the Anglo-Egyptian and Arab-Israel differences.

4. It is almost certain that India and Afghanistan would react unfavorably to the estabishment of such a defense organization to include Pakistan if such a move involved direct military aid to Pakistan. It is felt, however, that if some method of indirect aid to accomplish our objectives with regard to Pakistan were adopted, it might be possible to find a satisfactory solution to the problem of defending the Middle East through more effective utilization of indigenous potential and less reliance upon tentative commitments of foreign forces.

5. In view of the foregoing, it is recommended that you transmit the substance of these proposals to the Secretary of State and request his early comments as a basis for further consideration of the matter by the Joint Chiefs of Staff. Upon receipt of the comments of the Secretary of State, the Joint Chiefs of Staff anticipate finalizing their views on this subject for your consideration and possible

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[4] Telegram 1102 from Tehran, Nov. 14, not printed, reported a series of conversations with the Shah of Iran in which he discussed the matter of future Iranian defense forces. (780.55/11-1453)

[5] See telegrams 291 and 332 from Ankara, Documents 152 and 153.

submission to the National Security Council in conformity with the requirements of subparagraph 16f of NSC 155/1.[6]

6. In this connection, the Joint Chiefs of Staff are considering the possibility of entering tripartite military talks at staff level with the United Kingdom and Turkey on the subject of defense of the Middle East. The Joint Chiefs of Staff consider that the proposals contained herein, after finalization as indicated in paragraph 5 above, will be appropriate for guidance of the U.S. members participating in these military talks when they are held.

For the Joint Chiefs of Staff:
RICHARD H. PHILLIPS
Captain, USN
Deputy Secretary

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[6] According to the letter from Jernegan to Henderson on Nov. 19, *infra*, this memorandum was given to the Department of State informally on Nov. 18. See also footnote 2, Document 162.

No. 160

Ankara Embassy files, lot 57 F 72, 400 MED, 1953-54

The Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Ambassador in Iran (Henderson)[1]

TOP SECRET
OFFICIAL-INFORMAL

WASHINGTON, November 19, 1953.

DEAR LOY: I refer to my letter of November 9,[2] regarding the thought being given to a possible defense arrangement among Iran, Turkey, Iraq and Pakistan. Further to that same subject, I enclose a copy of a memorandum dated November 14 from the Joint Chiefs of Staff to the Secretary of Defense.[3] This was given to us informally yesterday and we expect to receive it formally in a few days with the endorsement of the Secretary of Defense.

As you will see, this memorandum constitutes adoption by the Joint Chiefs of the idea which I wrote you we had found at the working level. The only new note introduced is the suggestion that some method be found to provide indirect military aid to Pakistan in order to avoid adverse repercussions in India and Afghanistan. (Personally, I do not believe it is possible to work out an effective

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[1] Repeated to the Ambassadors in Turkey, Iraq, and Pakistan.

[2] Document 157.

[3] *Supra.*

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method of indirect military aid. If we decide to help Pakistan we shall just have to ride out the storm.)

I should like also to call to your personal attention a memorandum of conversation which I had on November 17 with the Turkish Ambassador here on this general subject. A copy is going forward through the usual channels. [4]

Ambassador Ward has just been here on consultation and I took the occasion to tell him about our ideas and ask his estimate of the probable Afghan attitude. He does not believe Afghanistan would feel able to risk joining up with any defense arrangement under present conditions and he thinks they would be considerably upset at participation by Pakistan. However, he did not feel that we need be deterred by an adverse Afghan reaction.

As before, I am sending copies of this letter to Ambassadors Warren, Berry and Hildreth.

Sincerely,

JOHN D. JERNEGAN

P.S. Since the Joint Chiefs' memorandum has not yet been officially transmitted to us and we do not have formal clearance to send it to the field, please treat it in the utmost confidence and do not refer to it in any formal official communication.

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[4] No memorandum of this conversation has been found in Department of State files.

No. 161

780.5/11-3053: Telegram

The Ambassador in Turkey (Warren) to the Department of State

TOP SECRET ANKARA, November 30, 1953—5 p. m.

557. For Byroade. Delivered Ghulam Mohammed substance priority Wirom 587, November 27, [1] immediately after his arrival Ankara November 28, about same time he received telegram from his Ambassador in Washington, quoting conversation Erkin had with Amjid Ali to effect that Ghulam Mohammed would find atmosphere in Ankara favorable for discussions on a community of defense interest, between Turkey and Pakistan.

During next 36 hours, Ghulam Mohammed had extensive conversations, first with Prime Minister, Foreign Minister, and later with

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[1] Not printed; it asked the Ambassador to inform Ghulam Mohammed that there had as yet been no decision on military aid to Pakistan, but the Department of State hoped to have a decision in a few days.

President Bayar, Prime Minister and Foreign Minister. This a.m., before leaving Ankara for Cairo, his next stop on his homeward journey, Ghulam Mohammed told me President Bayar confirmed, in presence his two Ministers, Turkey willingness to enter immediately into defense pact with Pakistani and Turks, further willingness to include Iran in a tripartite defense instrument, if and when, conditions in Iran indicate sufficient stability for Turks to support defense buildup there. Bayar told Ghulam Mohammed would expect United States to give signal when, in opinion, Iran in suitable condition be included in proposed arrangement.

Ghulam Mohammed said he then sounded out Bayar on his attitude towards Arab States and found Turks are completely unwilling to include any of Arab States in their defense thinking. Bayar told him, in effect, that if Iraq were to be considered, the result would be only to involve the whole Arab League, one by one, and interject the Israelite problem into the defense concept from which, in his opinion, it should be excluded. Bayar expressed view, if arrangement as suggested above could be entered into, then problems of inter-relations of Arab League States, as well as relations with Palestine might well be insulated behind a defense organization, and with passage of time, might well fall into the limited importance which Turks feel is all they merit. Some passing reference was made about Egypt, but Bayar was highly critical of Egyptian Government's action in expropriating property people of dual Turkish-Egyptian nationality. He was inclined to feel Egyptians and British might well worry out their relations without any live Turkish interest and reiterated view that if a defense organization could be extended from Turkey through to Pakistan, the significance of Anglo-Egyptian irritations might well be measured in the perspective of time.

Ghulam Mohammed expects arrive Karachi December 5, in time to meet Vice President Nixon December 6. He told me he intends to suggest to Vice President desirability of United States sending survey team to Pakistan to appraise capacity of Pakistan defense and potential contribution to Middle East defense, in light of her soldier's contribution under British commanders in Iran and Iraq, in World Wars One and Two. He said he felt a survey by a competent American team would be more immediately useful to him than discussion on specific amount of military aid.

Incidentally, for your information, some of my colleagues, including Egyptian, Iranian and Nationalist Chinese, are already gossiping about commitment to a defense pact as result of Ghulam Mohammed's visit.

WARREN

No. 162

780.5/12-253: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET ANKARA, December 2, 1953—5 p. m.

566. Reference: Deptel 591, November 30.[2] Believe Turk attitude peripheral defense arrangements reported Embtel 557, November 30,[3] not only sound but sets practical limit to present possibilities along this line. I assume that in speaking of "Turk willingness to enter immediately into defense pact with Pakistan" Bayar was thinking in terms of limited arrangement consistent with NATO and along lines Greco-Yugo-Turk pact.

While Joint Chiefs four-power concept, eventually extendable, provides desirable target, efforts to secure early formalization would in my opinion jeopardize accomplishment our purpose. This seems obvious case in which to make haste slowly, starting with encouragement to Turks and Pakistanis to proceed with consultative pact and initiate joint planning, with view inclusion Iran when developments warrant. Arrival this stage clearly largely dependent ability Iranian regime establish control and stability and effectiveness US support in developing strength.

This course would unavoidably involve preparedness to move toward Pakistan in near future, at least to extent survey team requested by Ghulam Mohammed, and to contemplate later program direct aid, notably in provision sea transport essential to provide mobility Pakistan armed forces. It would also require consultation with British, though I would hope we could take lead and avoid active planning collaboration, in view Turk attitude. Meanwhile, small aid program to Iraq should soon indicate possibilities of:

(1) Developing some local strength there; and
(2) Loosening ACSP bonds now frustrating our efforts with Arabs.

Think we must realize that in long run peripheral defense arrangements would require some support in depth, especially Suez base. However believe this not presently urgent and if we do not show too much anxiety, eventual arrangements may well be facilitated by pursuit of line suggested.

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[1] Repeated to Baghdad, Cairo, Tehran, and Karachi.

[2] Not printed; it reported the Department of State had received a formal request from the Department of Defense for comments on possible Middle East security arrangements along the lines described in Jernegan's letters of Nov. 9 and 19, Documents 157 and 160, and asked for the Embassy's views to aid in drafting a reply to Defense. (780.5/11-3053)

[3] *Supra.*

WARREN

No. 163

780.5/12-353: Telegram

The Ambassador in Iran (Henderson) to the Department of State

TOP SECRET
PRIORITY

TEHRAN, December 3, 1953—11 a. m.

1229. Limit distribution. Re Department telegram 1263.[1] Reply dated November 23 to Jernegan's letter November 9[2] supplementing information contained Embassy telegrams 1102 and 1103[3] en route by pouch which left Tehran November 28. View slow pouch service summary follows:

(1) In recent conversations with Shah during which latter urged early decision as to nature Iranian defense forces we will support, his attitude was that until Iran has army capable of putting up some kind defense would be useless to discuss multilateral security arrangements. He did not, however, state as corollary that he willing undertake such arrangements if Iranian army built up, although that appears to be his train of thought. Two principal elements his thinking apparently are, first, Iran should be more on basis equality in military capabilities before seriously considering mutual defense arrangements and, second, combined strength of participating countries should be enough to discourage Russian aggression.

(2) Our recent proposals for revision policy re Iran and increase military aid not only for purpose making it possible for Iran later to undertake joint arrangements with other countries but also, and primarily, for immediate political and psychological reasons. Believe, however, it possible Iran will, in perhaps one or two years, be willing move in direction joint arrangements assuming (a) early oil settlement, (b) continuation in power of government friendly towards West which cooperates fully with Shah and which has widespread public support, and (c) steady though not necessarily spectacular increase in capability Iranian army.

(3) Here, however, we confronted with something of dilemma in light indication reference letter that increase in military aid to

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[1] Not printed; this was the same as telegram 591 to Ankara. See footnote 2, *supra*.

[2] Document 157.

[3] Neither printed. For a summary of telegram 1102, see footnote 4, Document 159.

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Iran (and allotment funds Iraq and Pakistan) might be predicated on regional defense arrangements in being which would make possible joint planning of Western powers with Middle East States. In effect Shah says he cannot consider cooperative arrangements until army improved; we would be saying we cannot build up army until defense arrangements concluded.

(4) Cost of additional military aid outlined in reference Embassy telegrams, main additional expense being fiscal year 1955. As Shah pointed out, if there no settlement of oil problem that would enable Iranians to do their part in maintaining forces contemplated, plans can be changed at later date when this should become clear. In other words he urges us now to act with optimism in order inspire optimism.

(5) Re specific question as to whether Shah and government would be willing and strong enough now or in foreseeable future to risk domestic and foreign repercussions of public alliance with Western orientated group even though that group not directly and formally tied to Western powers, future prospects this country are at this juncture so cloudy it would be impossible to give definitive answer. It clear, however, that even if Shah himself were persuaded it would be good idea, situation not now such that action this kind would receive the public support which would be required. Possibility change this atmosphere contingent primarily on assumptions enumerated paragraph (2) above.

(6) Meanwhile although present government in balance seems to be holding its own it confronted with number immediate problems the decision upon any one of which could cause grave complications. Public reaction to government's disposition these matters; ability of government to continue maintain security and effectively quell opposition; and degree continued cooperation between government and Shah, are points which will have heavy bearing upon very future of Iran. Iranian Government will thus be too pressed in immediate period ahead for it to consider at this time injection of another issue, i.e. mutual defense arrangements, which it can avoid and which at best would incur widespread internal opposition and new external pressures. Probably no real progress can be made in obtaining Iranian decision this matter until other problems more pressing to them are solved and resultant public attitudes determined. Even then any concrete action should be preceded by substantial period public orientation to need for collective defense measures and desirability of "getting off fence" in cold war, which would be entirely new departure for most Iranians.

(7) Foregoing bears also upon timing and procedures to be adopted. Situation Pakistan and Turkey substantially different than Iran. Believe it would be useful at proper time if Turks and Paki-

stani would, if not take lead in discussions with Iran and Iraq, closely associate themselves with any proposals which might be put forward, although fact that favorable action by Iran and Iraq would probably be predicated upon firm commitments from us in matter of military aid would seem to exclude our staying in background even if it should otherwise be desirable to do so. Understand from reference letter some thought being given to our supporting an arrangement between any two of four countries, and if we prepared do this it appears Turkey and Pakistan will be ready long before Iran and perhaps Iraq.

(8) Believe British must be brought into picture at early stage and certainly before any definitive discussions with Iran, Iraq or Pakistan in all of which they have particular interest. Unlikely arrangements this type could be undertaken without British cooperation and it would in my judgement be mistake to risk British learning even of preliminary overtures to these countries without our having talked matter over with them fully and agreed to policies and procedures.

(9) Same applies though to lesser extent to France who is joint sponsor MEDO concept which would be superseded by new proposals. It appears, however, it less essential to effect close collaboration with France in very early stages but that this should be done at some appropriate time before things move too far.

(10) Indian policies under Nehru undoubtedly will be unalterably opposed to participation by Asian countries in measures this kind. India likely oppose military aid to Pakistan whether or not such aid related defense organization. Unlikely of course Indian attitude would have much bearing on Pakistan decision. I am encouraged by comment we may decide risk Indian opposition to aid Pakistan even without pact.

(11) However we should not overlook importance which Iran attaches to India. Strong adverse Indian reaction could have heavy influence here. Evidence that Indian Ambassador here already has been endeavoring discourage Iranians from any idea of participating security pact. Also extent to which Indian attitude will influence British is a consideration having important bearing on practicability of proposals.

HENDERSON

No. 164

780.5/11-3053: Telegram

The Secretary of State to the Embassy in Turkey [1]

TOP SECRET WASHINGTON, December 24, 1953—4:06 p. m.

686. For the Ambassador. Decision on extension of military assistance to Pakistan has not as yet been made by the US Government. [2] Before requesting such a decision we wish to determine procedures to be followed in the event it is decided to go ahead. Conceivably the type of procedure that could be worked out might have a bearing upon the decision itself.

We think best way would be in form of support for some sort of regional defense cooperation initiated by states in the area. Believe this important both domestically and abroad to provide rationale for extension military aid programs beyond present geographical limits and to support our contention that assistance to Pakistan is directed toward defense against outside aggression and not against India or Afghanistan.

Recent reports from missions at Ankara, Baghdad, Tehran and Karachi seem to show that sole present possibility is to bring about bilateral Turk-Pakistani arrangement, which would however be open to adherence by others in future.

Urtel 557 November 30 [3] quotes Governor General Ghulam Mohammed as saying President Bayar confirmed to him Turk willingness to enter immediately into "defense pact" with Pakistan and further willingness to include Iran if and when Iranian conditions indicate sufficient stability. If Governor General's report correct and if he himself accurately reflects Pakistani views, there would seem to be no serious obstacle to early action by Turks and Pakistanis.

Unless you see objection request you approach Turks in greatest confidence without delay along following lines:

1. As Turk Government knows we have been considering program of military aid to Pakistan. We consider Pakistan has potential to make real contribution to defense of Middle East if assisted by Western Powers. However, there are certain obvious difficulties (such as Indian attitude) in way of military aid program and we have not yet come to final decision. We wish to consult Turks on this whole subject.

2. It seems to us that one way to minimize political repercussions and maximize Pakistani area defense contribution might be to link

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[1] Repeated to Karachi, New Delhi, Tehran, Baghdad, Kabul, and London.

[2] See the memorandum by Byroade to Nash, Document 155.

[3] Document 161.

US aid program with initiation of mutual defense arrangements between Turkey and Pakistan and any other states in the area which might be interested and acceptable to first two. This would show that intent of US aid is to strengthen area defense against outside aggression rather than to take sides in disputes within area such as those that exist between Pakistan and her neighbors. Early creation of regional arrangement would have further advantage of enabling a start on regional defense planning which is highly desirable from military viewpoint.

3. We understand Governor General Ghulam Mohammed discussed with Turks (as he did with us) possibility of Turk-Pakistani defense arrangement with eventual addition of Iran and Iraq and possibly others. We should be glad to know whether Turks are disposed to consider this seriously.

4. We assume Turks would not envisage binding military alliance which might conflict with Turkey's NATO obligations and go beyond present stage of Pakistani thinking. We believe, however, some looser arrangement (perhaps similar to Turk-Greek-Yugoslav pact), providing consultation and joint defense planning would be both practicable and useful. We would not contemplate participation by US or any other Western Power. Our part would be to assist such arrangement rather than participate as member.

5. We do not believe time has yet come for inclusion Iran or Afghanistan in such an arrangement. Similarly, most Arab states are too preoccupied with Palestine and disputes with West to be ready join anything savoring of Middle East Defense Organization, even without direct Western participation. We have however some reason to believe Iraq would not be unreceptive to defense planning, despite negative attitude of other Arabs. Iraqis have recently shown keen appreciation of Soviet threat through Iran and are pressing us for modest military aid (which we may give). We understand Ghulam Mohammed talked to King Faisal re defense planning and found sympathetic attitude. Since Iraq would obviously be important link in defense chain, it would seem desirable that any planning for regional defense arrangement should keep in view desirability of including her at some juncture. We would not however consider her participation need be a condition precedent to establishment of arrangement between Turkey and Pakistan.

6. In light of Turk views on foregoing, together with any other observations they may wish to make, we expect very shortly to review whole picture and arrive at final decision re military aid to Pakistan. If that decision is to go ahead and if Turks concur in general desirability of Turk-Pakistani defense arrangement as suggested above, we shall want to concert with Turks on tactics. We think it would be undesirable for US to take any public initiative. Either Turkey or Pakistan could lead off by proposing (to the other) exploratory bilateral talks. These might be secret at first but at some fairly early stage it would seem desirable that the two parties publicly announce their intention to negotiate. Simultaneously or shortly afterward Pakistan could make formal request for US military aid and we could make public favorable response based on idea of supporting collective security as exemplified by proposed Turk-Pakistani pact.

We expect in the next few days to advise British of our line of thought as outlined above but do not plan to say anything further Pakistanis until we have Turk reaction.[4]

Consider it important avoid any publicity at this stage re approach to Turks.

DULLES

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[4] Telegram 658 from Ankara, Dec. 29, advised the Department of State that the Ambassador had discussed the substance of this telegram with the Turkish Prime Minister on Dec. 28, and the Prime Minister said his thinking coincided with that outlined by the Ambassador. The Prime Minister confirmed his conversations with Ghulam Mohammed and told the Ambassador he had also had a recent conversation with the Ambassador of Iraq. (780.5/12-2953)

No. 165

780.5/12-2953: Telegram

The Secretary of State to the Embassy in Pakistan [1]

TOP SECRET WASHINGTON, December 29, 1953—7 p. m.

483. For Ambassador. Agree PM should be informed (Embtel 473)[2] but prefer you not yet request his views. On basis that you see PM privately and that he understands and agrees fully with need for complete secrecy you may speak to him along following lines:

1. Turkish Government being informed we considering military aid program for Pakistan.
2. We believe it desirable minimize political repercussions (India and Afghanistan) and maximize Pakistan contribution area defense. One way do this would be to link US aid to initiation of mutual defense understanding between Turkey and Pakistan. Such an arrangement might be open-ended permitting addition of others if agreed to.
3. We are telling Turks we would be glad to know whether they are disposed to consider an arrangement with Pakistan seriously. Sort of agreement in mind would not envisage binding military alliance but rather a loose arrangement for consultation and joint defense planning. We would not become a partner but would assist members.

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[1] Repeated to Ankara and London.

[2] Telegram 473 from Karachi, Dec. 29, not printed, informed the Department of State that the Prime Minister of Pakistan was leaving for Dacca on Jan. 1 and was not expected back until Jan. 12. Referring to the next to last paragraph of telegram 686 to Ankara (repeated to Karachi as telegram 475), *supra*, it suggested that in view of the imminence of important decisions in Washington the Prime Minister should be advised of the substance of telegram 475 before his departure. (780.5/12-2953)

4. If PM asks whether this means we will not extend aid unless Turkey goes along you may say that this is not necessarily so but that you are sure the US will wish to look at the problem in light of Turkish reaction.

5. When final position reached we will of course wish to consult him further.

6. You may assure PM our awareness embarrassment because of delay and express regrets. Decision will be made soon as possible.

7. Please emphasize we are giving him this advance notice because he is leaving Karachi before we can expect Turk reaction. Would be embarrassing if Turks learned we had spoken to him at this time. You may assure him it is unlikely final US position will be reached before his return on the 12th.

FYI we are awaiting return of President and Admiral Radford to Washington and we hope to have matter taken up for early decision then.

Also FYI British Embassy informed substance Deptel 475 to Karachi and 686 to Ankara. [3]

DULLES

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[3] *Supra.*

No. 166

780.5/12-3153: Telegram

The Ambassador in Pakistan (Hildreth) to the Department of State [1]

TOP SECRET KARACHI, December 31, 1953—6 p. m.

484. Reported essence of Deptel 483, [2] to Prime Minister in utmost confidence this morning and he asked me to keep Governor General informed in his absence and advise Prime Minister in Dacca through our Consulate, important developments. On return to office found Governor General trying to reach me for private lunch because he worried about delay in decision. Knowing Governor General would hear news from Prime Minister at their afternoon meeting felt wise tell same thing to Governor General at lunch I had told Prime Minister lest I offend head of state.

Though I told both I was not free to ask their reactions because they were being prematurely advised of line of our thinking solely because departure Prime Minister both voluntarily expressed appreciation as well as pleasure and approval of line of thought as possibly relieving pressure between GOP and GOI and accomplishing even more than the original proposal. Prime Minister requested permission to tell Finance Minister but on my objection said he would tell no one except Governor General. Governor General said he had laid groundwork in Turkey and felt sure Turks would approve and hoped soon Iran, Iraq and Saudi Arabia could come in and since their rulers soon visiting GOP Governor General felt he could help encourage them if he were free to do so. I said I would keep him advised important developments as fast as I could but meanwhile utmost secrecy vital. I indicated probably Prime Minister be back before I could formally approach them for their reactions.

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[1] Repeated to Ankara.

[2] *Supra.*

Meanwhile, pressure for decision great in minds of public to degree of irritation and if nothing forthcoming will do irreparable injury to Prime Minister personally and great damage US prestige.

HILDRETH

No. 167

790D.5/1-554

Memorandum of Conversation, by the Secretary of State

TOP SECRET EYES ONLY WASHINGTON, January 5, 1954.

Subject: Military Aid to Pakistan

At a meeting today held with the President [1] by Secretary Wilson, Governor Stassen and myself, the President agreed in principle to proceeding with military aid to Pakistan, subject, however, to our capacity to present this in a reasonable way, which would allay the apprehensions of reasonable people that we were trying to help Pakistan against India. The idea was that we would emphasize (1) that this was part of a regional security project being initiated by Turkey and Pakistan with other countries in the area for potential additions, and (2) that we would indicate to India that we would be prepared to extend military aid to India under the same type of agreement as was offered Pakistan. [2]

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[1] Department of State files contain two different background memoranda for the President on military aid to Pakistan, both dated Jan. 4. There was no indication which one was sent to him before the Jan. 5 meeting. (790D.5/1-454 and 790D5 MSP/1-454)

[2] A memorandum by Byroade to the Secretary of State, dated Jan. 8, informed Dulles that officers of the Department of State had been giving further thought to the problem of how to begin the proposed arms program to Pakistan. Attached to the memorandum were two papers dealing with the subject: a summary of the steps to be taken in putting the program into effect and a draft statement for the Presi-

Continued

I presume that this statement would be one that would be issued publicly and embodied in a note that would be delivered to India.

After this is drafted, the matter will be taken up again with the President for his final decision.

It was felt unnecessary to take this back to the NSC in view of its decision in 155/1.[3]

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dent to issue when Pakistan was informed that military aid would be extended. In addition, NEA was preparing a letter for the President to send to Indian Prime Minister Nehru immediately prior to the public announcement of arms aid to Pakistan. (790D.5 MSP/1-854)

A memorandum for the President on military aid to Pakistan, dated Feb. 16, by Deputy Under Secretary of State Robert Murphy, reported that Pakistan would formally request grant military aid from the United States in the near future, and it had been agreed that we would immediately give a favorable response. Attached were drafts of a statement for the President to make regarding military aid to Pakistan and a personal message from the President to send to the Indian Prime Minister. A memorandum by Ann Whitman, personal secretary to the President, dated Feb. 16, stated that she was returning the documents, which had been approved by the President. (790D.5 MSP/2-1654)

[3] Document 145.

No. 168

780.5/1-654

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

TOP SECRET [WASHINGTON,] January 6, 1954.

Subject: British Queries Regarding Proposed Middle Eastern Defense Pact

Participants: Mr. Harold Beeley, Counselor, British Embassy
Mr. J.C. Crawley, First Secretary, British Embassy
NEA: Mr. John D. Jernegan

Mr. Beeley had a telegram from London (which he thought had probably been drafted by Mr. Eden himself) requesting the State Department's "considered opinion" regarding certain aspects of the proposal to bring about a defense arrangement among Turkey, Pakistan, Iran and Iraq. They were as follows:

1. *Does the Department consider that the defense arrangement between Turkey and Pakistan would have any military value, the two countries being so far apart?*

I suggested this was a question which might better be directed to the Joint Chiefs of Staff. I could only say that the Joint Chiefs, with the approval of the Secretary of Defense, had proposed that we attempt to bring about a defense arrangement including

Turkey, Pakistan, Iraq and Iran and had indicated that even if Iraq and Iran were not included, an arrangement between Turkey and Pakistan would still have value. I thought the Defense Department considered that some coordination between Turkey and Pakistan would be useful because of their position at opposite ends of Iran. I also thought the Joint Chiefs had in mind that an arrangement between Turkey and Pakistan would make it easier to secure the eventual adherence of Iraq and Iran and it was my clear understanding that Pakistan was considered an important base for the defense of the Persian Gulf area.

Mr. Beeley then asked whether we thought the existence of a Turkish-Pakistani pact would in fact attract Iraq and Iran. I said we had several indications which lead us to think the Iraqis were definitely interested.[1] I cited the reported favorable reaction of the Iraqi leaders with whom the Governor General of Pakistan had talked during his visit to Baghdad. I also mentioned the frequently expressed concern of the Iraqis at the Russion threat and the recent inquiry of their Ambassador in Ankara regarding possible developments in the formation of a four-power pact. I reminded Mr. Beeley that Prime Minister Mohammed Ali of Pakistan evidently expected to have the Iraqis discuss this subject with him when Prince Faisal and Prime Minister Jamali visit Pakistan later this month. We also thought Iran would be prepared to join eventually, although its Government would not be ready to do so for perhaps another year or two.

2. *What reaction does the Department expect from other countries in the area?* (Mr. Beeley said he thought this had reference to the Arab States and possibly Afghanistan.)

With regard to Afghanistan, I said we anticipated an unfavorable reaction but thought it would not be too serious. If anything, it would be my guess that putting military aid to Pakistan in the context of a pact with Turkey would be helpful since the Afghans looked on the Turks as their friends and might reasonably be expected to count on Turkey to restrain any Pakistani moves against Afghanistan. So far as the Arab States, other than Iraq, were concerned, we thought the chances were better than even that the pact would exert a favorable influence, creating a desire to joint it.

3. *What was our view of the effect on the area of the omission of the Western Powers from the Pact?*

I said we thought this should make it easier for the States in the area, except for Turkey, to participate. We thought Iran, Iraq and even Pakistan would be more hesitant to join an organization which had a direct and public link with the West. One of the reasons that MEDO had never gotten off the ground was that there was so large a Western participation in that proposed organization. We thought, therefore, that it would be better this time to let the Middle Eastern States start out alone. It seemed pretty certain to me that in due course British and American military advisers

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[1] See telegram 686 to Ankara, Document 164.

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would be sitting in with any planning group which might be formed and that this in turn could easily lead to a spontaneous request for formal participation of the Western Powers.

4. What would be the effect of the pact on Turkey's position in NATO and how would the other NATO powers regard it?

I said this was getting a bit outside my field, but we had proceeded on the assumption that whatever pact was created would be of the nature which would not conflict with Turkey's NATO obligation. It would go no further than had been contemplated under the MEDO proposal. There would be no binding commitments of any kind, merely arrangements for planning against contingencies, such as were now in effect between Turkey, Greece and Yugoslavia.

Mr. Beeley remarked that he gathered there was some concern in London lest the Pact increase rather than diminish Indian concern over American military aid to Pakistan. The Foreign Office appeared to think Nehru would be especially unhappy at having a defense arrangement which was directed against the Soviet Union brought right to his doorstep. I said we had thought of this possibility but believed that on balance the pact idea should make it easier for Nehru by clearly showing that our military aid was intended for use against the threat from the North and West and not for use against India.

Mr. Beeley then read me the final sentence from his telegram which was to the effect that Mr. Eden looked forward to discussing this whole question with Secretary Dulles when they meet in Berlin. I asked whether this meant that Mr. Eden did not wish us to take any further action until that time. Mr. Beeley said he had no direct information on that point but he felt sure this was not the case. He believed Mr. Eden realized that we could not now hold up our decision provided the first step we have already taken (the approach to Turkey) worked out as anticipated. He thought, however, that if any unexpected developments caused us to reconsider our plan, Mr. Eden would like to be consulted before we launched a new line of action.

At no time did Mr. Beeley or Mr. Crawley register any protest or objection to the plan we had adopted, although from the nature of Mr. Eden's questions and from occasional implications in their remarks, I sensed that the Foreign Office was not altogether happy.

No. 169

780.5/1-954

Memorandum of Conversation, by the Officer in Charge of Turkish Affairs (Wright)

TOP SECRET [WASHINGTON,] January 9, 1954.

Subject: Plans for Middle Eastern Defense Arrangements

Participants: Turkish Ambassador
Mr. Jernegan—NEA
Mr. Wright—GTI

The Ambassador called, at his request, to be brought up to date on developments. I gave him a rather full summary of our thinking and action in regard to the provision of military aid to Pakistan and the creation of a defense planning arrangement composed of Turkey, Pakistan, and possibly other countries in the area. I concluded by saying that we had still not arrived at a firm decision on military aid to Pakistan and did not intend to do so until we have received a definitive expression of the Turkish Government's views. I thought, however, that the balance presently was in favor of such a program and that the ultimate decision would be favorable if Turkey was in agreement.

The Ambassador asked whether we had talked to the British about this. I said that we had done so, [1] but not until after we had made our first approach to the Turks. The British did not seem to be especially happy but had raised no objections to our proposed plan of action. The Ambassador smiled and observed he was sure the British were irritated because the scheme did not provide a lead role for them to play.

While indicating his general approval of the proposed course of action, the Ambassador suggested two possible difficulties. 1. In trying to bring Iraq into a pact, we would have to reckon with the fact that the Iraqi people, as distinguished from their Government, would probably be opposed. 2. Afghanistan would be very much upset and might adopt an unfavorable attitude toward the US and Turkey if she were not at least offered the opportunity to join any arrangement which might be forthcoming.

With respect to Iraq I said we fully appreciated the delicacy of the Iraqi Government's position and did not intend to exert any pressure. We would not make American military aid to Iraq in any way contingent upon Iraqi participation in a defense arrangement.

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[1] See the memorandum of conversation of Jan. 6, *supra*.

We would leave it to the Iraqi leaders themselves to assess the advantages and disadvantages of joining such an arrangement.

With respect to Afghanistan, I expressed the hope that Turkish influence could be exerted to reassure the Afghans. Turkey could promise Afghanistan that it would see to it that the pact was not used in any way against Afghan interests. The Ambassador suggested that the pact itself should contain some language to show that it would not be directed against states of the area, such as Afghanistan and India, and that it should be open to Afghan adherence. He appeared to think that Turkey and Pakistan should even make an affirmative effort to obtain Afghan participation. I suggested that if this were done at the very beginning it might provide premature Soviet reaction, but the Ambassador did not seem to think this such a serious objection.

The Ambassador and I agreed that the Pushtanistan issue would have to be at least tacitly shelved if Afghanistan were to join in any group with Pakistan. In this connection he said the Iraqi Ambassador in Washington was optimistic that Iraq could play an effective role in adjusting the Afghan-Pakistan difficulties.

No. 170

780.5/1-1154: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET ANKARA, January 11, 1954—6 p. m.

702. Re Embtel 699, January 11. [2] Following are principal points emerging from long conversation with Foreign Minister in connec-

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[1] Repeated to Karachi, New Delhi, Tehran, Baghdad, Kabul, and London.

[2] Telegram 699, repeated to Karachi, New Delhi, Tehran, Baghdad, Kabul, and London, contained the full text of the English translation of the Turkish Foreign Office memorandum delivered by the Foreign Minister during the meeting described in telegram 702. The Turkish memorandum was an answer to a U.S. memorandum of Dec. 28, 1953, the text of which is in telegram 686 to Ankara, Document 164.

According to the memorandum, the Turkish Government's reading of the U.S. memorandum of Dec. 28 gave it the impression that the U.S. Government, while hoping an agreement between Turkey and Pakistan would contribute to the formation of an organization for the defense of the Middle East, considered the immediate aim of an agreement to be the possibility of providing military aid to Pakistan without arousing adverse reactions in the international field. The memorandum stated the Turkish Government was willing to do its best to help the United States provide military aid to Pakistan because of feelings of friendship for Pakistan, and also because such aid would increase effective resistance to Soviet aggression. The Government of Turkey hoped an agreement with Pakistan might create the core for a future organization for the defense of the Middle East, and suggested that the fact an agreement with Pakistan would be followed by American aid to Pakistan might be the principal factor in the ultimate attraction of such an organization to other Arab states. (780.5/1-1154) tion delivery Turkish memorandum January 11 re possible approach to Pakistan on mutual defense arrangement:

1. Memorandum contains full, frank statement of Turkish views intended only for US officials. Even Turkish Ambassadors Washington and London, while being informed of substance, are not receiving full text.

2. Re paragraph 6, [3] Foreign Minister urged that US make every possible effort to bring about agreement between present Iranian Government and British on oil question. Previous British failure to act decisively at right time had led to Mossadeq adventure and repeat failure would certainly have disastrous consequence.

3. Re paragraph 7 and 8. [4] For past two years Iraqi leaders have spoken realistically in private but Turks are uneasy about their unwillingness or inability to speak same way in public. If their convictions are sincere, as Turks are inclined to believe, they should have courage thereof. Until they do caution seems essential, but Turks are willing to try.

4. Turks stressed fundamental differences in their opinion—and particularly geographic separation—between Turkish-Greek-Yugoslav pact and nature of any arrangement which could be contemplated between themselves and Pakistan at this state.

5. Re paragraph 13, [5] Turks are anxious for our reaction to proposed treaty of friendship with Afghanistan. Considering Afghan present and prospective weakness, inclusion in any defense arrangement is a remote prospect. However, Turks have long had close relations with Afghanistan and would not wish to risk any weakening of Afghan position. They suggest that such a proposal might take some of the heat off Pakistan and at same time provide

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[3] Paragraph 6 of the Turkish memorandum of Jan. 11 indicated agreement of the Turkish Government with the United States that the time had not yet arrived for asking the Government of Iran to join with Turkey and Pakistan.

[4] Paragraphs 7 and 8 of the Turkish memorandum referred to Iraq. The suggestion was made that the Government of Iraq might be receptive to an invitation to join Turkey and Pakistan eventually, but Iraq's adherence to the pact was not seen as an immediate possibility. Turkey desired to have the views of the U.S. Government on the matter.

Telegram 405 from Baghdad, Jan. 14, indicated agreement that the Turkish memorandum accurately described the attitude of Iraq. The Embassy believed the participation of Iraq in a regional defense organization was unlikely until the United States established a military assistance program, the Middle East political atmosphere improved, especially in respect to the Suez Canal Base problem, and provided the Palestine problem was not stirred up. (780.5–1454)

[5] Since Afghanistan occupied an important geographic position from the point of the security of the Middle East, and because Turkey had very close relations with Afghanistan, the Government of Turkey suggested it might be necessary to provide a written guarantee or even a treaty of friendship to Afghanistan, to keep that country friendly to Turkey and stop it from impulsive action which might allow expansion of Russian authority there.

a desirable alternative to present Afghan relation with and dependence on India.

6. Re paragraph 17,[6] Turks desire Department's reaction and further discussion their tactical suggestions, with particular respect to timing.

7. Re paragraph 18,[7] I stressed that this is an entirely new approach from that represented by previous MEC and MEDO proposals. Turks expressed both understanding and agreement.

8. Turks very concerned about leaks and widespread press speculation on this subject. They request consultation before either government makes any statement in this connection and desire to establish an agreed position as to when and what might be said.

WARREN

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[6] The Government of Turkey suggested that it might be advisable to discreetly give information to countries like Iran, India, and Afghanistan before a general announcement of the Turkish-Pakistan agreement. The Government of Turkey was prepared to take the initiative and agreed that the Government of the United States should not openly do so.

[7] The Government of Turkey said it had no knowledge of the views of the other sponsors of the earlier Middle East Defense Organization to the aspect of the Turkish-Pakistan Agreement that might constitute a beginning for an organization to defend the Middle East.

No. 171

780.5/1-1254

Memorandum to the Assistant Secretary of State for European Affairs (Merchant)[1]

TOP SECRET [WASHINGTON,] January 12, 1954.

Subject: Proposed Turkish-Pakistan Defense Arrangement

Our recent inquiries regarding the present status of the proposed Turkish-Pakistan defense arrangement have established the following apparent facts:

1. We understand that the President has approved the principle of U.S. military assistance to Pakistan, but not as yet the medium through which such assistance would be proffered.

2. The NSC Planning Board is scheduled to take up "South Asia" on January 14. It is probable that the question of military assistance to Pakistan and the means of extending it will come up during the course of the discussion.

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[1] Drafted by the Deputy Director of the Office of European Regional Affairs, Joseph Palmer, and the Deputy Director of the Office of British Commonwealth and Northern European Affairs, Andrew B. Foster.

3. Further action on the proposal to extend assistance through a Turkish-Pakistan defense arrangement has been awaiting the further views of the Turkish Government, which have just been received in memorandum form (Ankara's 699 of January 11).[2]

The Turkish Government's reply to our informal initiative is one of tentative approval qualified by the following considerations:

A. The arrangement should be even looser than the Greek-Turkish-Yugoslav Pact, because of the absence of geographical contiguity, strategic unity and NATO direction in the case of Turkish-Pakistan Pact.

B. Further study should be given to extending the arrangement to Iraq, although the agreement of that State to participate is considered doubtful.

C. Further study should be given to the reaction of third countries (India, Afghanistan, Iran) and to means by which adverse reactions may be mitigated.

D. Implied is the thought that the views of other of the MEDO sponsors, particularly the British, should be sought regarding the arrangement as constituting a beginning for the organization of ME defense.

The foregoing considerations raised by the Turkish Government impinge on concerns which BNA and RA have felt about this project. We have seemed to detect a lack of precision as to what the proposed arrangement eventually contemplates and an uncertain degree of attention to such aspects of the problem as the following:

1. *Turkish Forces*. Although the Department's telegrams on this subject make clear that it is proposed at this juncture that any defense arrangement should be confined in the first instance to consultation and joint defense planning, we presume that it is intended to move in due course toward commitments involving the employment of Turkish and Pakistani forces in their mutual defense and that of the other intervening states in the Northern Tier (i.e., Iran and Iraq). The analogies which are drawn with the Greek-Turkish-Yugoslav Pact would seem to bear out this interpretation. Since the Turkish defense effort is now being maintained at its present level only because of U.S. budgetary support, it seems clear that any commitment to Middle East defense can be achieved only at the expense of present NATO commitments or through further U.S. financial assistance. You will recall, in this connection, that the Turks had previously proposed that the U.S. finance the raising of six additional Turk divisions which would be committed to Middle East defense. It is difficult to foresee the source of any such assistance.

2. *Extension of NATO Commitments*. There appears to us danger that the smaller NATO partners will interpret any Turkish-Pakistan Pact as a further extension eastwards of NATO's commitments and that the present feelings of unhappiness about the

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[2] Not printed, but see footnote 2, *supra*.

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Greek-Turkish-Yugoslav developing defense arrangements will be raised in somewhat more exaggerated form. While it will perhaps be easy to convince the smaller NATO partners that legally there will be no extension of their commitments through NATO, it may be difficult to persuade them that the contemplated arrangements do not raise psychological and practical problems. While this may prove to be a manageable problem, we should be making some preparatory diplomatic plans against the day when any announcement may be made. Allied to this problem is the probability of concern within NATO regarding the implications to NATO strategy of possible Turkish involvement in a conflict far to the east of any presently defined NATO interests.

3. *The British Position*. We wonder whether, in the implementation of this enterprise, sufficient consideration has been given to the desirabilty, in the U.S. interest, of close consultation and coordination with the British. We have in mind:

(a) The U.K. position in the area and the responsibilities the U.K. has undertaken for its defense.

(b) Our recognition that the British have a primary responsibility there.

(c) British treaty rights in nearby Iraq and Jordan, and the British interest in Iran.

(d) The fellow membership of Britain and Pakistan in the Commonwealth.

(e) The possible effects of an extreme adverse Indian reaction on Pakistan-Indian relations and hence on the strength of the Commonwealth as a whole.

We have endeavored to confine the foregoing list to what we conceive to be EUR interests and have not commented on such other factors as (1) the military rationale for a pact which omits, at least in the first instance, the intervening territory between the two countries; or (2) the degree to which extension of aid to Pakistan within the context of a regional pact will mitigate Indian reaction. (In this connection NEA maintains that the pact will lessen the adverse Indian reaction; an NIE study says the pact will not affect the reaction much one way or the other; and the British say the pact will enhance the adverse reaction.)

Should you find a suitable opportunity, you may wish to endeavor to assure that the foregoing considerations either have been, or are being, taken into consideration in proceeding with this project.

No. 172

790D.5 MSP/1-1454

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) [1]

TOP SECRET [WASHINGTON,] January 14, 1954.

Subject: Military Assistance to Pakistan

Participants: The President
Secretary Dulles
Admiral Davis
Mr. Byroade—NEA

The Secretary, accompanied by Mr. Byroade, called upon the President at 3:00 p. m. today to discuss the problem of military assistance to Pakistan. Admiral Davis joined the group near the close of the conversation.

The Secretary briefly outlined the recent exchange of cables with the Turks in which they agreed to take the initiative in the formation of a security pact with Pakistan to be formed in such a way that other nations, particularly Iran and Iraq, could eventually join. The Secretary stated we had reached the point where proceeding further would be inadvisable unless the US decision were definitely to go ahead. He stated that there were many difficult problems of tactics to work out with the Turks and the Paks and while these would be done in secret for the time being we should be sure of our ground. The Secretary gave the President again a general summary of his thinking in which he stressed the effect, now that Nehru had raised strong public objection, of not going ahead. He stated that in his opinion this one act would do a great deal to establish Nehru as the leader of all South and Southeast Asia and nations in that area would henceforth be reluctant to proceed on matters with the West without obtaining Nehru's support. The Secretary mentioned certain instances of the past where Asiatic nations had supported our position in defiance of India, particularly in the UN and Japanese Peace Treaty. [2] He felt that the attitude of these nations would certainly be affected if we should bow to India in this public issue.

In the general discussion that followed, the President stated that he felt we should proceed. There should not be any public statement, however, until after January 23rd in view of the Korean situation. He stated his concern at the situation in India and directed that every possible public and private means at our disposal be used to ease the effects of our action on India. He concurred in general with a draft statement [3] which had been prepared for issuance by the President at the appropriate time which would explain the nature of what we were going to do, and why we were doing it, in the best possible public light. He agreed that a letter should be sent to Nehru prior to any public announcement by the US.

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[1] An attached memorandum reads: "Rod: For the approval of the Secretary. J[effrey] C. K[itchen] OK with correction as noted—R[oderic] O'C[onnor]" The memorandum had been initialed by the Secretary of State. Presumably the correction referred to is the insertion noted in footnote 2, below.

[2] The handwritten phrase "and Japanese Peace Treaty" was inserted here.

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[3] For information on the proposed statement by the President and his message to Nehru, see Document 174.

No. 173

Ankara Embassy files, lot 57 F 72, 400 MED, 1953-54

The Secretary of State to the Embassy in Turkey [1]

TOP SECRET PRIORITY WASHINGTON, January 16, 1954—4 p.m.

773. Part one of two part message. Eyes only Ambassadors.

1. Department appreciates excellent reply to questions Department raised concerning joint Pakistan-Turkish defense agreement and is especially pleased see cooperative spirit reflected. [2]

2. Department in full agreement Turkish statement re objectives and significant proposed mutual defense arrangement.

3. Turks agreement Department's views on Iran noted. [3] As to Iraq, Department believes Turk analysis sound, and endorses course proposed paragraph 8. Turks should know that information has just been given Hamali in great confidence that U.S. will shortly reply and most probably favorably Iraq request limited military assistance. Although no conditions re participation defense arrangements will be attached U.S. reply, it will be made clear that amounts provided will necessarily reflect progress in development effective area defense. [4]

4. As to character proposed Turk-Pakistan arrangements, agree Turk view paragraph 10 it will differ from Ankara Pact in several

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[1] Repeated to Karachi, New Delhi, London, and Paris. A handwritten note on the source text indicates that on Jan. 19 the *aide-mémoire* was transmitted to the Foreign Office, and an advance copy was given to Birgi; on Jan. 21, the Ambassador handed the original to the Foreign Minister.

[2] This reference is to the Jan. 11 memorandum of the Turkish Government, transmitted to the Department of State in telegram 699 from Ankara, Jan. 11. Telegram 699 is not printed, but see footnote 2, Document 170.

[3] See footnote 3, *ibid.*

[4] See footnote 4, *ibid.*

essential points. Believe Turk view correct that proposed agreement should be initially limited to cooperation on matters of general character listed paragraph 9, and that it should be loosely drawn and capable of elaboration as developments warrant.[5] Agreement so limited would have desirable effect avoiding implication of mutual assistance guarantee which might extend obligations NATO countries under Article V NAT. Believe it also desirable that agreement should be so drawn as to indicate it is not concerned with local disputes such as those of Pakistan with India and Afghanistan.

Part two of two parts.

5. Department agrees with Turk view as to importance of tactics. Following actions appear desirable to complete series moves ending with announcement U.S. intention to provide arms Pakistan:

A. Advance coordination US-Turk-Pakistan plans.
B. Diplomatic preparation for announcement Turk-Pakistan intention hold discussions concerning mutual defense problems.
C. Public announcement such intention.
D. Following closely, on "C", Pakistan request for U.S. arms assistance.
E. Diplomatic preparation for U.S. announcement intention provide arms Pakistan.
F. Public announcement such intention.

6. Timing these moves most serious problem. Delay in any public announcement while extensive discussions involving a number of countries carried on would almost certainly result unfortunate leaks with damaging effects. To accelerate procedure to maximum extent following suggestions made:

A. Turkey to approach Pakistan in secret earliest to suggest talks with view reaching cooperative defense agreement of consultative and joint planning character. The result of this approach would be (1) to agree to meet for this purpose and (2) to agree on a joint communiqué announcing this fact. With so much preparatory work already done and seemingly there being agreement on what is desired a very few days should suffice for above to be accomplished.

B. We should be informed in advance in order that we could also discuss with Pakistanis the steps to be taken. At this time we would inform Pak PM secretly and in utmost confidence that decision had been taken to extend military aid within framework of a joint Pak-Turk agreement. Because of need for secrecy we would hope that Pak PM would not find it necessary to inform all his ministers of this fact. (U.S. desire for secrecy due to desire keep distorted press speculation to minimum in interval prior to issuance statement by President mentioned para 7, E below.)

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[5] Paragraph 9 of the Turkish memorandum stated that the Government of Turkey did not consider a binding military alliance with Pakistan feasible or advisable, but expected to have an agreement providing for consultations, exchange of military information, and cooperation in the field of technical progress. In paragraph 10, it was observed that Turkey, Greece, and Yugoslavia constituted a cohesive geographic unit, whereas Pakistan did not constitute a geographic entity or strategic unit with Turkey.

C. Diplomatic preparation for announcement Turk-Pakistan intentions consult of course matter primarily for those countries. Iran, Iraq, India, Afghanistan should be informed impending Turk-Pakistan discussions. Department hopes that Turkey and Pakistan will be able to agree some appropriate form of assurance which Turkey might provide Afghanistan. Although Department would expect be informed as to what it is proposed say, does not wish to be consulted in advance. Also hopes that Pakistanis will feel it possible offer non-aggression pact India. Turks would approach Iraq along lines suggested paragraph 8 their memorandum. Might also be desirable for U.S. follow up this approach by discussing with Iraq implications our offer military aid. Will obviously be desirable for US as well as Turkey and Pakistan to inform the British generally of developments. At appropriate stage also desirable provide information the French. Believe it essential that Turks make statement NAC. U.S. will be prepared support such statement, and will endeavor enlist similar support from British and French. Except for consultation British and French, various approaches should all be made in very brief period, preferably same day.

D. Public announcement intention Turks, Pakistan consult should follow immediately above moves. Department hopes Turkey could give their Ambassador Karachi full power agree text of communiqué along general lines mutually agreed U.S. and Turkey in Ankara. Department prepared so authorize U.S. Ambassador Karachi. Department's views as to points proposed communiqué should include will be forwarded separate message.

E. Timing Pakistan public request for aid not fully determined, but should follow shortly after joint communiqué and U.S. public statement. Interval could be utilized for any necessary coordination on remaining steps.

F. Interval between Pakistan request for U.S. assistance and U.S. reply should be minimum consistent with appearance of reasonable deliberation. U.S. would plan diplomatic preparation with India, Afghanistan, and possibly certain other countries of area. Expect send Nehru personal message from President explaining action, giving such assurances as are possible and stating readiness give sympathetic consideration any Indian request military aid.

7. To carry out schedule indicated above will be desirable have consultation between U.S., Turkey, Pakistan on certain texts and between two of three powers on certain others. In Department's view, these as follows:

A. Turk statement on impending Turk-Pakistan announcement to hold talks on joint defense problems. (Turkey, US, Pakistan)

B. Joint Turk-Pakistan communiqué stating intention hold talks. (Turkey, Pakistan, US)

C. U.S. statement welcoming this decision. (US, Turkey, Pakistan)

D. Pakistan's public announcement of its request for U.S. arms assistance. (Pakistan, US)

E. President's statement of intention supply arms to Pakistan. (US, Pakistan)

In addition, steps in diplomatic preparation including possible Turk assurances Afghanistan and U.S. assurances India of mutual interest, and there should be exchange of information this subject.

8. Discuss above with Turks and advise their reactions soonest.[6]

9. Department now preparing texts for suggested points to be covered all above topics where U.S. listed as a principal. These will be forwarded soon.[7]

10. While preparations listed this cable probably automatically preclude, we feel it essential there be no publicity or public statements prior to January 23 in view of Korean situation.

11. Embassies Karachi and Delhi cautioned to take no action at this time on this message.

DULLES

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[6] See telegram 747 from Ankara, Document 175.

[7] See the editorial note, *infra*.

No. 174

Editorial Note

On January 20, the Department of State sent five telegrams to the Embassies in Ankara and Karachi concerning the forthcoming Turkish-Pakistan agreement. Telegram 783 to Ankara, repeated as 547 to Karachi, offered suggestions for Embassy guidance in discussions with the Foreign Offices on the principal points that might be included in a joint Turkish-Pakistan communiqué on the decision to hold exploratory talks. Telegram 784 to Ankara, repeated as 548 to Karachi, presented a suggested outline of points which might be covered in a Turkish statement to the North Atlantic Council on the impending conversations with Pakistan. Telegram 785 to Ankara, repeated as 549 to Karachi and 857 to New Delhi, transmitted a proposed statement for the President to issue if a favorable decision on military aid to Pakistan were made after the announcement of Turkish-Pakistan consultation. Telegram 786 to Ankara, repeated as 550 to Karachi and 858 to New Delhi, transmitted a proposed statement for the Secretary of State to issue, welcoming the decision of Turkey and Pakistan to hold talks on joint defense problems.

Telegram 787 to Ankara, repeated as 551 to Karachi and 859 to New Delhi, transmitted the draft of a personal message from President Eisenhower to Prime Minister Nehru in the case of a favorable United States decision on military aid to Pakistan. It ended by saying that the message would be delivered a day or two before the public answer to Pakistan and stressed the fact that the message was only a draft sent to the Embassy for suggestions. Documentation is in Department of State file 780.5.

No. 175

780.5/1-2154: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET PRIORITY ANKARA, January 21, 1954—11 p. m.

747. Reference my telegram 733 January 19. [2] In meeting with Foreign Minister and Under Secretary Birgi late this afternoon, Turks expressed full agreement all main points Department telegram 773 and promised text reply tomorrow. [3] Turks prepared move immediately. Birgi summarized Turkish views as follows:

1. Complete agreement with US views re agreement with Pakistan and will draft accordingly. Will instruct Ambassador Karachi initiate talks with Pakistanis and agree text communiqué in consultation Hildreth. (Department telegram 783 [4] not received in time inform Turks our views re text today.) Turks feel word "defense" should be avoided in title agreement and will seek suitable phraseology as in case tripartite pact.

2. Agree on proposed series moves ending with US announcement intention extend military aid Pakistan, and on need utmost secrecy especially early stages.

3. Reference US statement welcoming Turkish-Pakistani communiqué, Turks urge desirability avoid impression US instigation. They have the advance draft.

4. Turks agree timing needs careful coordination. They propose approach Iraq on basis outlined Foreign Office memorandum January 11 (Embassy telegram 699). [5] Turkish Ambassador Baghdad

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[1] Repeated to Karachi, New Delhi, Paris, and London.

[2] Not printed; the Ambassador reported he had given the *aide-mémoire* to the Foreign Office and expected to see the Foreign Minister the next day. (780.5/1-1954)

[3] Telegram 773 is printed as Document 173. The Turkish Foreign Office memorandum, dated Jan. 21, was transmitted in telegram 755 from Ankara, Jan. 23, not printed. (780.5/1-2354)

[4] Not printed, but see the editorial note, *supra*.

[5] Not printed, but see footnote 2, Document 170.

will present Turkish-Pakistani initiative in light invitation to Iraqis to join or simply as information according receptivity shown by Jamali; in any event making clear Turks and Pakistanis are going ahead.

5. In informing Afghans, Turks will explain nature agreement emphasizing it in no way changes Turkish position impartiality in Pushtoonistan question. Turks will offer written assurances if desired. Telegram from Turkish Ambassador Kabul just received reports conversation with Afghan Foreign Minister in which latter clearly intimated desired Turks act as go-between seek US military aid. Turks feel this *démarche* offers interesting possibility obtain eventual Afghan cooperation. Afghan Foreign Minister referred *inter alia* to impossibility accepting any military aid from USSR. Yesterday Afghan Ambassador here came to see me and referring reports defense arrangement involving Turkey, Pakistan and perhaps Iraq and Iran, asked if we intended leave Afghanistan "out in cold on other side".

6. Turkish Ambassador Tehran will inform Iranians of Turkish-Pakistani talks without any reference possible Iranian participation proposed agreement.

7. Turkish Chargé at New Delhi will merely inform Indians, leaving it to US and Pakistan offer further explanations and assurances.

8. Turks agree it important fully inform British and French soonest and seek their cooperation and advice in presentation to NAC. Department's views this subject received in time present at today's meeting (Department telegram 784).[6] Foreign Minister indicated general agreement and promised immediate study. Turks indicated, however, they had envisaged making statement to NAC immediately after Turkish-Pakistani communiqué rather than before. Expressed fear otherwise fairly complicated timing various diplomatic approaches might be upset.

9. Turks entirely agree desirability full advance consultation US-Turkish-Pakistan Governments on texts indicated Department telegram 773.

10. Text Turkish reply will spell out proposal re tactics and timing.

WARREN

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[6] Not printed, but see the editorial note, *supra*.

No. 176

780.5/1-2354

Memorandum by the Deputy Assistant Secretary of State for European Affairs (Bonbright) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) [1]

TOP SECRET WASHINGTON, January 23, 1954.

Subject: Turkish-Pakistan Pact

In view of the rapid pace developing in plans pertaining to prospective exploratory talks between Turkey and Pakistan and relative United States military aid, there are several aspects of the matter which EUR believes should be given urgent attention.

EUR's immediate interest in these developments is to avoid unnecessary friction with our principal allies and among the smaller NATO members. Such difficulties, we believe, can be minimized, if a satisfactory understanding is achieved among the United States, United Kingdom and France. If all three support the arrangements and the Turkish presentation in the NAC, there is no reason to believe any unmanageable problems will arise. Thus EUR believes that every effort should be made to assure that the timing of steps now being planned, such as presentation to NAC by Turkey, press communiqués, President's statement, etc., should take this contingency into account.

Because of her previous association in the sponsorship of MEDO and because of her basic desire to maintain a position as a great power entitled to consultation generally in global matters, and especially in the Middle East, France may seek assurances of future consultation on developments in this area as a condition for speaking in support of the Turkish statement in the NAC at this stage. In fact, if this question is raised and not resolved to France's satisfaction, the latter might well combine with the British in an effort to assure consistency between any plans which might develop from Turkish-Pakistan talks and their own interest in the area.

British support is even more important because (1) Pakistan is a member of the British Commonwealth with all that implies; (2) British interests and responsibilities in the area; and (3) if understanding is not reached with the British, the latter might well combine with the French in demanding closer association.

If the United Kingdom and France were both to refrain from supporting the Turkish statement in NAC, and from favorable public comment on the proposed arrangement, other NATO members and the world at large would immediately sense disagreement among the three countries, especially between the United States and the United Kingdom.

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[1] Drafted by Palmer and Adair, and cleared by WE, BNA, and RA.

Against this background, EUR suggests the following steps:

1. The United Kingdom and France should be informed as soon as possible of the various moves which we have in mind:

> (a) the proposed statement by the Secretary on the Pact (Deptel 786 to Ankara); [2]
>
> (b) the proposed statement by the President on military aid to Pakistan (Deptel 785 to Ankara); [2]
>
> (c) the fact that the President intends to send a personal message to Nehru, together with a description of the main elements of the message (Deptel 787 to Ankara). [2]

2. It could be made clear to the British and French that they are only being informed of (not consulted about) the military aid aspect of the problem (1(b) and (c) above), since this is primarily a bilateral arrangement between the United States and Pakistan. [3]

3. With respect to the Pact, however, we would urge the British (and perhaps less importantly the French) to make a public statement more or less paralleling 1(a) above.

4. We would urge concerted action by the U.S., U.K. and France in the NAC, with each supporting in separate statements the proposed Turkish-Pakistan exploratory talks. We should avoid a U.S.-U.K.-French tripartite statement in the NAC, since this would tend to cast the prospective Turkish-Pakistan arrangements in the character of successor to the deceased MEDO project. It would also tend to cast U.S.-U.K.-France in the role of sponsors of the new arrangements and to give France a basis for asserting the right of consultation or participation in the future.

EUR also has the following specific comments on Deptels 785, 786 and 787 to Ankara:

1. The following statement is made in the fourth paragraph of the suggested draft letter from the President to Nehru: "We . . . have admired the effective way your Government has taken over from the British the direction of your military establishment." We feel the British may take a second or third reading of this. Though undoubtedly not intended by the drafters, a Britisher might interpret the remark as a pat on India's back for expelling the British Raj.

2. On the question of base rights, we note the following statements:

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[2] Not printed, but see Document 174.

[3] Telegram 758 from Ankara, Jan. 23, not printed, reported that the Turks had given the British Embassy general background on developments, and had expressed the view that the French should also be informed. (780.5/1-2354)

(a) in the draft letter from the President—"Many statements have been made . . . that we are obtaining base rights in Pakistan . . . ."

(b) in the proposed White House press release—"it has been suggested that the United States may ask for base rights, etc. . . ."

These statements are followed by denials. We wonder whether the present wording may create difficulties for us in future in the event we should require bases there. We suggest some such wording as "the United States has not requested base rights." [4]

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[4] A memorandum by Byroade to Bonbright, dated Jan. 26, answered that most of the points mentioned in this memorandum were being taken care of. The British had been brought up to date, and the Department of State was advising the Turks to inform the French in Ankara and, with regard to NATO, to make a statement at the same time that India, Afghanistan, and Iraq were informed. With reference to the suggestion on base rights, Ambassador Hildreth had recommended that the Department delete the reference to bases in the President's statement, and that would be done. (780.5/1-2654)

No. 177

780.5/1-2554: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET ANKARA, January 25, 1954—6 p. m.

759. Berlin for the Secretary. [2] British Chargé this morning called Under Secretary Foreign Office Birgi to say he had telegram from London referring information received by Foreign Office that Turkish and Pakistani Governments would announce negotiations for defense agreement within three days. Birgi replied this clearly incorrect for two reasons: (1) No "defense" agreement in question, but rather agreement for consultation and exchange information as he had previously informed British Chargé; (2) any announcement certainly not within three days. To Chargé's query when announcement might be expected Birgi reiterated earlier statement to him last week that Turks were disposed move fast as possible, but could give no estimate on timing. Chargé inquired insistently if Turks would not wait for observations British Government expected shortly before proceeding further. Birgi explained Turkish Government would naturally welcome any comments British Government wished make and give them careful consideration, but did not promise hold up action in meantime.

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[1] Repeated to London, Paris, Karachi, New Delhi, and Berlin.

[2] The Secretary of State was in Berlin for the Four-Power Conference.

In conversation with Foreign Office Under Secretary last Friday British Chargé enumerated various reasons in favor delaying conclusion Turkish-Pakistani agreement:

> (1) Unfortunate effect on Berlin talks with Soviets; (2) violent Indian reaction, which placed British in difficult spot from Commonwealth point of view; (3) desirability inclusion "Western Powers" in any agreement.

Birgi in reply summarized views Turks and ourselves in favor proceeding soon as possible on basis regional Turkish-Pakistani initiative. He noted again that time of announcement not yet determined and may not occur until Berlin conference is over.

WARREN

No. 178

780.5/1-2354: Telegram

The Acting Secretary of State to the Embassy in Turkey [1]

TOP SECRET WASHINGTON, January 26, 1954—4:20 p. m.
PRIORITY

816. Limited distribution. Part I of II parts. Re Embtel 755. [2]

1. Department considers that US-Turk agreement on all significant points has now been reached and that Turks might now act immediately inform Pakistanis as proposed sub para 4(a) ref tel. US Ambassador Karachi hereby instructed consult with his Turkish colleague, and following Turk approach should inform Pakistan of US support Turk-Pakistan arrangement and in confidence of US decision supply military assistance Pakistan in framework of Pak-Turk agreement.

2. Believe full US-Turk agreement already recorded on general nature various moves proposed Para 5, Deptel 773, [3] with two exceptions:

> A. Turks suggest possibly better for US Secretary of State not to issue public statement welcoming Turk-Pakistan arrangements. Department shares desire of Turks that US role in these developments should be minimized and accordingly agrees preferable that US reaction be indicated in Secretary's press conference.
>
> B. Nature of Turk approach to Afghanistan. This subject of Part II this message.

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[1] Drafted by Byroade, Kennedy and Daspit; and cleared by S/S. Repeated to Karachi, New Delhi, London, Paris, and HICOG Berlin.

[2] Not printed, but see footnote 3, Document 175.

[3] Document 173.

3. Re timing of moves, Department offers following comments:

A. Assume that Turk approach to Pakistan will be made during present week. As Turks suggest, speed with which agreement can be reached on date for issuance Turk-Pakistan communiqué will depend on degree to which Pakistan government position already develped. Once this date is set diplomatic preparation will, of course, be keyed to it. Turk view that approaches to Iran, India, Afghanistan should take place 2 or 3 days in advance communiqué entirely acceptable.

B. Re Turk approach Iraq, agree that this might be undertaken shortly after agreement reached with Pakistan. Note that US will be informed prior such approach.

C. Re consultaton with France, agree French should be informed by Turks at once. Assuming this will have been accomplished before January 28, Department will follow up with approach to French Embassy Washington that date.

D. Re presentation NATO, Department considers it would be preferable if Turks felt able make statement NAC at approximately same time as diplomatic approaches to Iran, Afghanistan and India—that is two or three days prior communiqué. Believe NATO members would appreciate this much advance notice. In event this not feasible, believe statement should at least be made same day.

4. A. Re form of arrangement between Turkey and Pakistan it is, of course, for Turks to decide precise form agreement may appropriately take. Department wishes recall, however, that when Turks originally consulted point was made that best way for US give military aid Pakistan would be in form of support for some form of regional defense cooperation initiated by states in area (Deptel 686 to Ankara).[4] It was Department's understanding that Turks agreed to and endorsed this proposal (Ankara's 699).[5]

B. With Pakistan request for military aid following closely on Turk-Pak communiqué re talks and US reply pegged to this, Department considers that defense implications of arrangements will be clear. Although Department has no objection to avoidance term "defense" and placing main emphasis agreement in political field, hopes that Turks will at least feel able use phrase "security co-operation agreement" which appears para. 1 their memo (Embtel 755). This would be helpful in presentation of case for US arms assistance. We prepared, of course, accept Turkey's position this matter but would welcome opportunity making further comment when draft agreement available.

5. Draft text public statements will be revised to take into account final position.

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[4] Document 164.

[5] Not printed, but see footnote 2, Document 170.

BEST COPY AVAILABLE

6. Department has informed British Embassy current status.

SMITH

No. 179

780.5/1-2654: Telegram

The Acting Secretary of State to the Embassy in Turkey [1]

TOP SECRET WASHINGTON, January 26, 1954—4:21 p. m.
PRIORITY

817. Limited distribution. Part II of II Parts.

7. Department very much aware Afghan problem and appreciate initiative Turkey this regard. As basis reaching understanding believe Turks should have rundown our present thoughts. Afghan as noted in vulnerable position and subject to pressure from USSR. This illustrated recently by Afghan's dropping proposed contract with French firm re oil development in north because of USSR protest. Part of Afghanistan north of Hindi-Kush especially vulnerable.

8. Strong Soviet reaction and protest would be more firmly based than usual, since they might invoke Afghan-Soviet Treaty of 1931. This document provides (Article 2):

> "Each Contracting Party undertakes not to be a party to any alliances or agreements of a military or political character with one or more Powers which might be directed against the other Contracting Party or any financial or economic boycott or blockade directed against the other Contracting Party.

9. Afghan interest obviously related to amount and timing of aid US might give. Should be pointed out that problem would have to be studied throughout US executive agencies and that considerable delay might ensue before any decision reached. Assuming favorable decision reached, funds which might be made available for Afghan program would be very limited. Situation this years MDAP budget very tight and budget for 1955 already submitted Congress includes no provision for Afghanistan.

10. On basis these considerations, seems questionable that benefits which might flow to Afghanistan under possible program of US military aid would be sufficient to compensate for difficulties and risks involved. Would appreciate estimate of Turks in this regard.

11. On other hand Department very sympathetic Afghans need for help and desires avoid impression of cold-shouldering them. De-

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[1] Drafted by Kennedy and Daspit, and cleared by RA and S/S. Repeated to New Delhi, Karachi, London, Paris, and HICOG Berlin.

partment has under active consideration Afghan request for grant of 20 thousand tons wheat and hopes give favorable reply. Ex-Im Bank has formal request for new loan for development Helmand Valley, road improvement and certain other projects on which consideration being expedited. Foreign aid budget fiscal 1955 has provision for continued grant economic aid and it is hoped that funds will be appropriated for program somewhat above level now in effect.[2]

12. Although on balance Department considers it would be unwise encourage Afghan request US military aid, Turk proposed approach (last para of 4 in sub C(d)) otherwise seems excellent. If at later date Turk-Pakistan arrangement begins attract adherence of other countries in the area, US would be prepared consider requesting Congress for funds to broaden base of its support. If Afghanistan among such additional adherents, its claim would be considered along with others.

13. If Turkey proposes agreement with Afghanistan similar to one with Pakistan, this might prove embarrassing to US at this time since we expect to use Pak-Turk agreement as framework for Pakistan military aid. Because of this believe it would be better if Turkey would make any agreement called for of different character. Turkey might wish consider adding to its approach suggestion it willing consider expanded training program for Afghan military personnel in Turkey.

SMITH

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[2] For documentation, see vol. XI, Part 2, pp. 1447 ff.

No. 180

Editorial Note

Telegram 553 from Karachi, January 25, described a United Press despatch carried in Karachi papers on January 24 which reported the United States Government was not expected to make an announcement on arms aid to Pakistan until after the visit of Turkish President Bayar to the United States. The despatch then outlined "most information on Turk participation received here in Department's Top Secret communications. Embassy considers it not only most unfair but exceedingly damaging to Embassy-Pakistan relations that despite Turk request for 'utmost secrecy' American press should be able print such information from 'highly reliable sources' and we unable give one of principal participants, GOP, even inkling status of negotiations."

Telegram 573 to Karachi, January 25, repeated as 808 to Ankara and 878 to New Delhi, reported the Department of State had not seen the United Press story but expressed regret that it had embarrassed the Embassy. It said the announcement of United States aid was not related to Bayar's visit and authorized the Embassy to discuss the matter of the Turkish-Pakistan agreement and United States aid to Pakistan with the Prime Minister and Governor General of Pakistan in general terms, stressing the importance of keeping secret the United States part in any agreement between Turkey and Pakistan.

Telegram 578 to Karachi, January 25, repeated as 812 to Ankara, requested the Embassy to express the Department of State's serious concern and embarrassment over press speculation on Middle East defense and arrangements between Turkey and Pakistan and other states. "Since rumor started impossible control speculation by press which has always been acutely interested any defensive move in that part of the world. U.S. Government doing its best reduce press play but feels distortions cannot be corrected until positive steps can be announced and the quicker this stage reached the better." Telegram 589 to Karachi, January 26, repeated as 818 to Ankara and 890 to New Delhi, reported a *New York Times* story of January 26 which stated Turkey and Pakistan were negotiating an agreement for military, economic, and cultural cooperation that might be announced during Bayar's visit. The story also reported the United States would not be a party to the agreement, but was expected to offer military aid after its conclusion. The Department of State was replying "no comment" to public inquiries. Documentation is in Department of State file 780.5.

No. 181

611.87/1-2654: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, January 26, 1954—5 p. m.

424. When I called on Prime Minister Jamali last evening prior my departure Amman, I congratulated him on his recent hard-hitting statements against communism and on his efforts to build an anti-Communist propaganda machine in Iraq.

Prime Minister stated he hoped to do more than just fight communism. He hoped to move to an open and avowed pro-Western campaign just as soon as he had "something in mind" to present to Iraqi public opinion as a concrete gesture of Western friendship. By this he was referring primarily to United States military assistance. Even one of the leading oppositionists in Parliament, ex-Defense Minister Sadiq Al-Bassam, who in public is rabidly anti-Western, is privately urging Jamali to accept United States military aid and to come out for the West.

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[1] Repeated to Karachi, Ankara, Tehran, Cairo, Beirut, London, Amman, Jidda, Tripoli, Tel Aviv, New Delhi, and Paris.

Somewhat to my surprise Jamali voluntarily implied that he would study sympathetically any proposals that might be submitted to him as regards a military pact with Turkey or Pakistan. He said that while in Egypt he had sounded out Egyptian leaders regarding their attitude toward Iraqi acceptance of United States military aid. The Egyptians had replied that they had no objections but at the same time were apprehensive lest the Egyptian position on the Suez base question be adversely affected by Iraq's adhering to military arrangements with Turkey and Pakistan prior to an Anglo-Egyptian agreement. Jamali said he obliquely replied that he would never do anything to prejudice Egypt's position "but if and when Iraq considers any pacts Egypt will be fully informed about it."

Jamali states he still intends visit Pakistan but exact time departure uncertain because Royal family once again considering state visit. His own plans will depend on theirs.

Jamali is also considering sending parliamentary mission to Turkey in order that Iraqi legislators can learn at first hand benefits Turkey has derived from United States aid.

Jamali reiterated once again, however, that all his good intentions would come to naught if the United States stirred up the Palestine question. When I asked him regarding Arab counterproposals to Jordan plan he said they were being developed adding that he would raise no objections to a second Johnston area visit and would not object to Mr. Johnston coming to Iraq.[2] However, if we were asking him for his frank opinion about the advisability of such a visit, he would be obliged to counsel against it.

Other aspects of the conversation will be forwarded to the Department by despatch.

BERRY

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[2] For documentation on Eric Johnston's trip to the Middle East, see Documents 381 ff.

No. 182

780.5/1-2654: Telegram

The Ambassador in Pakistan (Hildreth) to the Department of State [1]

TOP SECRET NIACT KARACHI, January 26, 1954—8 p. m.

561. Just returned from tea at Governor General's his request. Speech defect make impossible catch all comments. Alternating between bitterness and apology for plain speaking, he bitterly assailed United States for an hour for the humiliation, embarrassment and awkward personal position in which United States Government placed him. Every day he and his people read harangues by and inspired by Nehru and plans for disposing of GOP as though it were a pawn on a chessboard, while he because he is neither assured of United States decision nor of their plans is not in position to say anything. Travelling reporter Mowrer tells him today ten times as much information apparently direct from State Department as he or his government have heard. On verge of writing his friend Turkish president declaring he is neither beggar nor pawn. May still do so.

I told Governor General appreciated his awkward position and had pointed it out to Department, but his summons gave me reason for urgent cable and I would report back whatever I could before end of week, even if nothing. Told him personally I felt favorable decision coming some time but he not to be denied telling how badly he had been used. He said situation developing so that he might have difficulty getting cooperation his government. Has not been approached by Turks nor US and daily humiliated by press reports. [2] When on his visit to States was assured his talks with Department officials and others would be kept entirely secret. Bitterly resented Swinton's reference 25 million, stating he had told United States officials he would not want penny if it could not be used efficiently, but if a mission determined substantial amounts necessary he could not raise additional amounts for military at cost of sacrificing economic and educational developments. Feared UK had more influence with State Department than it should. When I expressed doubt of UK influence on military aid question replied "forgive me if I disagree". Now actually felt mistake for him to have talked with President for though treated wonderfully by everybody Washington when there his treatment since return been shameful and humiliating. "What are we trying to do make Turkey an honest broker". Said United States papers turning against GOP because GOP cannot say anything. Knew Turkey opposed to Iraq.

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[1] Repeated to Ankara, London, and New Delhi.

[2] See Document 180.

My personal summary Governor General discouraged but eventually expects help disappointed amount but bitter about his treatment. Incidentally Foreign Minister spoke at length today to abovementioned travelling United States reporter Mowrer but not to me today about importance of military grant to GOP before any Turkish-GOP agreement. Foreign Minister's statements plus mood Governor General may spell trouble when decisions broken to GOP. Hope I may tell Prime Minister something his return from Dacca January 30. Much easier to deal with than Governor General.

Re GOI activities abroad: Governor General felt United States not getting reliable reports from its Embassy Indonesia on activities GOI in Indonesia.

HILDRETH

No. 183

782.5/1-2754: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET ANKARA, January 27, 1954—3 p. m.

770. Berlin for Secretary. Foreign Minister ill past few days. Birgi hopes review developments with him this afternoon or tomorrow morning to obtain approval various draft texts including agreement with Pakistan, Turk-Pakistani communiqué and Turk comments re proposed US statements welcoming communiqué and announcing decision extend military assistance Pakistan.

Birgi appreciated problem re press speculation (Department telegrams 812 and 818). [2] He is seeing *New York Times* correspondent Hangen today and will tell him no agreement exists nor have there been negotiations with Pakistan thereon, although as Hangen aware Ghulam Mohammed discussed possibility Turk-Pakistani cooperation in broad terms when he was here (re Embassy telegram 766, January 27). [3]

Instructions to Turk Ambassador Pakistan with texts US–Turk exchange of notes and full background information being forwarded Karachi by our courier tomorrow.[4] Summary instructions by cable. Following substance instructions:

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[1] Repeated to Karachi, London, Paris, and Berlin.

[2] Neither printed, but see Document 180.

[3] Not printed. It reported the Ankara representative of the *New York Times* had called to ask the Ambassador's comment on a "flash" he had had from his Washington bureau, saying that Turkey and Pakistan would be signing a defense agreement immediately. (782.5/1-2754)

1. Agreement almost reached with US on tactics and timing. Turks awaiting US reply their memo January 23 [*21*].[5] Meanwhile Ambassador to take no action pending further instructions.

2. For reasons secrecy Ambassador to discuss only with Governor General and Prime Minister.

3. British informed of developments in general by US and Turks. Instructions review Turk position on three negative points made by British here re India, Berlin Conference and participation Western powers in proposed agreement (Embassy telegram 759, January 25).[6]

4. Turk Government has now similarly informed French Embassy (Embassy telegram 768, January 27).[7]

5. In view press speculation Ambassador to limit any public statement to general observations re Turk-Pakistani friendship and co-operation avoiding reference any "defense" agreement or military planning. Instructed consult and coordinate with our Ambassador this regard.

6. Draft of proposed agreement will be telegraphed in Turkish. To avoid errors in translation Ambassador instructed request English text from our Embassy (which will be transmitted soonest by us).

Warren

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[4] Telegram 17 from Ankara to Karachi, repeated as 774 to the Department of State, Jan. 28, reported a courier from Istanbul was arriving the next day with top secret material from the Turkish Foreign Office for the Turkish Ambassador in Karachi, and asked the Embassy to arrange for its delivery. (782.5/1-2854)

[5] Not printed, but see footnote 3, Document 175.

[6] Document 177.

[7] Not printed. It advised the Department of State that in view of increasing press speculation and probable French concern about failure to advise them, the Turkish Foreign Office had given some general background information on the Turkish-Pakistan developments to an officer of the French Embassy. The Turkish Foreign Office explained that since it was a new Turkish-Pakistan initiative, unrelated to the Middle East Defense Organization, there was no Western participation in the proposed agreement. (782.5/1-2754)

Telegram 2675 to Paris, repeated to Ankara, Karachi, and London, Jan. 28, advised the Embassies the French Embassy in Washington had been informed of the general line of U.S. thinking on Middle East defense matters, including the possibility of Turkish-Pakistan arrangements and U.S. assistance to Pakistan, and the hope of the U.S. Government for French support if Turkey should make a statement in the North Atlantic Council. (780.5/1-2854)

No. 184

780.5/1-2654: Telegram

The Acting Secretary of State to the Embassy in Pakistan [1]

TOP SECRET WASHINGTON, January 27, 1954—3:24 p. m.
PRIORITY

592. Situation reported ur 561 [2] of greatest concern here. Feel our position somewhat compromised with both Turks and Paks in view of unfortunate leaks and press speculation. Amount of time involved in working out complicated matters with Turkey has been surprisingly short and should have been acceptable except for the press speculation. Although we feel committed to Turkey that next approach to Paks should be by them, believe it best that you have further frank discussion with Paks without waiting for Turks if you feel this would help. You can use as much as you desire of information in recent cables but should caution that much of information will be relayed by Turks on matters in which they and Pakistan will have primary responsibility, and that we believe it important approach come from Turkey in order that consultative arrangement may clearly originate within area.

Pakistan Ambassador here as well in embarrassing position and plan therefore discuss situation with him along above lines today.

Byroade wishes his personal and sincere regrets relayed to Gholem Mohammed and PM over manner in which situation has developed. He believes time has been utilized profitably to work on matters which are in line with their thinking and have been carried out in manner entirely acceptable but for lack of secrecy that unfortunately developed. Nothing has been finalized during this period of preparation nor can it be without willing agreement on all aspects by Pakistan. Hope situation will now develop very rapidly.

SMITH

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[1] Drafted by Byroade; repeated as 825 to Ankara.

[2] Document 182.

No. 185

780.5/1-2754: Telegram

The Acting Secretary of State to the Secretary of State, at Berlin [1]

TOP SECRET WASHINGTON, January 27, 1954—3:56 p. m.

Tedul 4. After full exchange views with Turks, they have agreed take lead in working out with Pakistan arrangement involving consultation on political, economic and security questions. We still await word extent Turks willing emphasize security element. Have also authorized Ambassador Karachi inform Pakistanis (in confidence), we are prepared furnish military aid to Pakistan within framework of Turkish-Pakistani agreement.

Thus, announcement US military assistance to Pakistan would follow joint Turk-Pakistan announcement plans to develop cooperative arrangements. Plans agreed with Turks call for careful diplomatic preparation each announcement. Proposed steps and estimated calendar follows:

I. Joint Turk-Pakistani announcement to be made after following steps.

1. Turks will approach Pakistanis Karachi with proposal two Governments undertake promptly negotiation agreement providing for consultation political, economic and security matters of mutual interest. US Ambassador will offer secret assurances that US ready provide aid within framework such agreement. We expect Turk approach will be made during present week, and hope for joint announcement next week.
2. Prior public announcement, Turks would sound Iraqis as to their interest joining proposed arrangements. We would inform Iraq of our support arrangement, our hope Iraq will feel able cooperate, and our intention supply Iraq military assistance.
3. Two-three days prior joint announcement, Turks (and presumably Pakistanis) would inform Iraq, India, Afghanistan. Turks would make special effort, which we would support, to reassure Afghanistan.
4. Turks would make explanatory statement NAC not later than day joint communiqué. We would support Turk position, and hope British and French would do same. (British already fully informed and French will be briefed by Turks and Department within next day or so.)

II. Announcement US intention supply military assistance Pakistan would be prepared by following moves:

1. US would comment favorably on Turkish-Pakistani communiqué but in manner consistent our purpose emphasizing indigenous character development. Hope persuade British, French offer simi-

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[1] Drafted by Daspit and cleared by NEA.

lar comment. Several days later Pakistan would publicly request US military aid.

2. Prior our reply Pakistan (perhaps by one day), India would be informed of decision, and personal letter from President would be handed Nehru.

3. Public announcement US reply to Pakistan request would be in form Presidential statement. Would be issued within two or three days receipt Pakistani request.

President being kept informed.

SMITH

No. 186

780.5/1-2854: Telegram

The Acting Secretary of State to the Embassy in Iraq [1]

TOP SECRET WASHINGTON, January 28, 1954—7:04 p. m.

406. Supply of arms assistance Iraq now formally approved USG. [2] However, provision this information Iraq Government requires coordination with impending developments in Turk-Pakistani security cooperation agreement.

Following full exchange of views with US, Turks have agreed promptly approach Pakistanis in Karachi and propose initiation discussions between two governments looking toward consultative arrangements on political, economic and security matters of mutual concern. US prepared inform Pakistan intention supply arms assistance in framework such arrangements. In view this condition attached aid to Pakistan, believe it would be unwise inform Iraqis they would receive assistance with no strings attached until after Turk-Pakistan decision to consult is announced. Department anticipates such announcement within next two weeks and considers Iraq might be informed availability US assistance immediately thereafter.

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[1] Repeated as 828 to Ankara and 601 to Karachi. Drafted by Daspit and cleared by NE.

[2] Military assistance for Iraq was approved by the President on Jan. 26 and noted in a memorandum for the Director of the Foreign Operations Administration. The closing sentences of the Jan. 26 memorandum noted that the President found Iraq of direct importance to the defense of the Near East area and its increased ability to defend itself important to the security of the United States. The memorandum was attached to another memorandum, dated Jan. 22, from Stassen to the President, informing him the Departments of State and Defense recommended the action. According to the Stassen memorandum, the Department of Defense proposed, and the Department of State endorsed, an initial program of $10 million for Iraq. The amount was to be funded from the $30 million provided specifically for use in the Near East by Congress under Section 202(b) of the Mutual Security Act of 1951, as amended. Both of the above memoranda were transmitted to the Department of State with a letter from Stassen to the Secretary of State, dated Jan. 29, notifying him formally of the President's action. (780.5/1-2954)

It is intention Turks immediately prior public announcement of Turk-Pakistani decision consult on co-operative arrangements to sound out Iraqis as to their willingness associate themselves such arrangements (para. 8 Ankara Embtel 5 to Baghdad).[3] Believe US approach Iraq few days later could usefully reinforce Turk representations.

Believe at that time it would be proper for Ambassador state US informed of Turkish approach, supports proposed arrangements as contributing area security and hopes Iraq will feel able cooperate now or later. He might also state that while US assistance not conditioned on such cooperation and no commitments or undertakings will be required of Iraq except those stipulated Mutual Security legislation, USG will naturally take account of country's potential contribution to area defense. Effectiveness such contribution obviously will depend in considerable measure upon progress made in developing co-operative arrangements with other countries which have common interest in problem. (This substantially line proposed Embtel 386.)[4]

FYI Saudi Arabians have recently refused sign form of MDAP agreement similar that circulated RECNE meeting Cairo and negotiations will be allowed rest until they see fit request resumption. Iraq only other Arab state to which it is at present planned offer grant military assistance. No aid planned for Israel.

Form of agreement to be negotiated Iraq still under discussion State and Defense with Department making every endeavor secure simplified form similar draft of which Embassy has copy, and to supply text Embassy before date on which Iraqi Government informed of decision.

Discussion with British re principles for coordinating US and British programs Iraq still continues. However, positions close enough warrant despatch military survey team Iraq even if Memorandum of Understanding has not been formally approved by time other necessary preliminaries to this action have been completed.

Department's present thought that such survey team would proceed Baghdad via London and that it might start immediately after opening of negotiations for MDAP agreement, provided Ambassador of opinion that chances Iraq signature reasonably promising.

SMITH

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[3] Same as telegram 699 from Ankara, not printed; see footnote 2, Document 170.

[4] Dated Jan. 3, not printed. (787.5 MSP/1-354)

No. 187

780.5/1-2954

The Secretary of Defense (Wilson) to the Under Secretary of State (Smith)

SECRET WASHINGTON, January 29, 1954.

DEAR MR. SMITH: Receipt of your letter of November 12, 1953,[1] regarding the status of FY 1955 budget requests for certain Middle East countries is acknowledged, and your apprehension regarding the status of grant military aid programs to these countries is understood and appreciated. The Department of Defense agrees that the requirements of these Middle East countries for military equipment must be met on a timely basis, following the establishment of their eligibility for such aid and, of course, consistent with the rate and volume at which those countries can receive, maintain and effectively utilize the equipment to be provided.

From an overall standpoint, the justification of new obligational authority for MDAP in FY 1955 presents an exceedingly difficult problem, due to the fact that approximately $11.0 billion of matériel provided by FY 1954 and prior year MDAP funds is undelivered; and that approximately $10.4 billion of FY 1954 and prior year funds are unexpended. In light of the disappointing progress in MDAP deliveries and expenditures against prior year appropriations, it appears certain that the FY 1955 MDAP requirements will rightfully be subjected to the closest scrutiny by the Congress, and only those funds which are irrefutably required to carry forward the highest priority and absolutely essential MDAP activities during FY 1955 will be authorized and appropriated.

Since the receipt of your letter of November 12, the Joint Chiefs of Staff have made specific recommendations with regards to the Middle East which were provided the Secretary of State by letter dated January 4, 1954,[2] signed by the Assistant Secretary of Defense for International Security Affairs.

The views of the Joint Chiefs of Staff represent the desirable military point of view. However, for reasons as previously outlined by the Department of State, the Department of Defense recognizes that in addition to the $30 million presently available, a sum of approximately $50 million will be required to implement effectively the political aspects of the first phase military aid to the Middle East. This latter sum ($50 million) has been reserved by the Director, Foreign Operations Administration to be used as a contingency against possible Middle East military requirements, should such considerations be deemed paramount to the interests of the United States. At this time, no bilateral military aid agreements have been concluded with any of the Middle East countries other than Greece, Turkey, Ethiopia and Iran. Considerable time will inevitably elapse between the time bilateral agreements have been concluded and the time when a significant flow of shipments can be achieved. This time lapse is due to the fact that the detailed, specific requirements for material and training in each country must be determined by military survey teams; the resultant lists of equipment must then be priced and the availability and source of supply determined by the military departments; the matériel and training programs must then be submitted to the Director, Foreign Operations Administration, for approval and subsequent allocation of funds to the military departments; after which supply directives can be issued and shipments effected. Overall, these actions are estimated to require from four to six months from the time the bilateral agreements are concluded. Thus it appears that the available FY 1954 funds appropriated or earmarked for application against Middle East programs will assure an acceptable rate of delivery during FY 1955. In the event unforeseen and unanticipated requirements for additional equipment develop consideration could be given to intra-title or inter-title transfer.

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[1] Document 158.

[2] Not printed; it summarized the views of the Joint Chiefs of Staff concerning allocation of funds to various countries in the Middle East. (780.5/1-454)

Additionally, it is considered that extreme difficulty would be encountered in attempting to adequately and effectively present to the Congress at this time, a justification for additional funds for these Middle East countries in FY 1955, due to the almost complete lack of specific matériel and training requirements; and the fact that no authoritative evaluation can be made at this time regarding the rate and volume at which these countries will be able to receive and effectively utilize the matériel to be provided.

In summary, the Department of Defense is in agreement concerning a requirement for grant military aid, during FY 1955, to the Middle East countries under discussion, but feels that an adequate and acceptable rate of deliveries to these Middle East countries can be achieved without the necessity of requesting additional obligational authority for FY 1955.

Sincerely yours,

C.E. WILSON

No. 188

780.5/1-2954

Memorandum of Conversation, by the Deputy Director of the Office of the Greek, Turkish, and Iranian Affairs (Baxter)

TOP SECRET WASHINGTON, January 29, 1954.

Subject: Turkish–Pakistani Developments.

Participants: His Excellency Cevat Açikalin, Secretary General of the Ministry of Foreign Affairs
His Excellency Fatin Rustu Zorlu, Permanent Representative to the North Atlantic Council
His Excellency Feridun C. Erkin, Turkish Ambassador
Mr. Orhan Eralp, Director General, Second Department of the Ministry of Foreign Affairs
Mr. Henry A. Byroade, Assistant Secretary, NEA
Mr. Alex B. Daspit, NEA
Mr. William O. Baxter, Deputy Director, GTI

When Secretary General Açikalin and his party paid a courtesy call in the Department this afternoon, Mr. Byroade took the opportunity to bring them up to date on developments with regard to the proposed Turkish–Pakistani conversations which had taken place since they left Ankara ten days ago. All members of the group read with great care the text of the Turkish *Aide-Mémoire* drafted and delivered to our Embassy in Ankara subsequent to their departure, as well as the Department's reply commenting on certain points raised in the Turkish note.

Ambassador Açikalin expressed great satisfaction at the measure of agreement between the Turkish and American points of view. He stated his opinion that Indian reaction, though it would of course be sharp and articulate, could be counteracted so that it would not eventually play a decisive part in area relationships. He also voiced the hope that the United States might find it possible to extend some aid to Afghanistan, but did not press this point vehemently after Mr. Byroade explained that it would take a long time to reach any decision on extending aid to Afghanistan and that, even if the decision were affirmative, he could not envisage assistance in an amount that would be considered sufficient by Afghanistan.

Ambassador Açikalin and his colleagues, as they took leave, reiterated their appreciation to Mr. Byroade for the information he had given them and said that they were "overjoyed" at the success of President Bayar's three-day visit in Washington, particularly the enthusiastic reception given him at this morning's Joint Session of Congress.[1]

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[1] Documentation on the visit of President Bayar is scheduled for publication in volume VIII.

No. 189

790D.5 MSP/2-354

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Acting Secretary of State[1]

TOP SECRET WASHINGTON, February 3, 1954.

Subject: Present Status Turkish-Pakistan Security Pact and Military Aid to Pakistan

The Turkish Government and ourselves are in full agreement in their taking the lead in working out with Pakistan an arrangement involving consultation on political, economic and security questions. The following steps are anticipated.

1. We expect the Turks to approach Pakistan within the next couple of days. We will support the Turkish approach and at that time secretly give a commitment to Pakistan to provide military assistance within the framework of the Turkish-Pakistan pact. Other countries with special interest will be given advance information and the Turks will make an explanatory statement in NATO. The Turks and Pakistanis will issue a joint communiqué, it is hoped by early next week, stating that they will consult on matters of mutual interest in the political, economic and security fields.[2]

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[1] Drafted by Daspit.

Virtually the same memorandum was transmitted to the President on Jan. 27 to brief him for a visit with the President of Turkey. Instead of the last paragraph in the memorandum printed here, the memorandum to the President ended with the following: "No doubt the President of Turkey will mention this subject and in addition to your expression of appreciation over the friendly and helpful attitude of his government you might wish to urge earliest possible action by Turkey in the light of the very regrettable publicity. We expect to have a fairly accurate estimate of the chronology of steps very shortly. At that time draft statements of your public reply to Pakistan's request and of your personal message to Nehru will be sent to you for approval." (780.5/1-2754)

[2] Telegram Dulte 22 from Berlin, Jan. 30, from Secretary Dulles at the Four-Power Conference reported Eden had just received a message from Churchill suggesting it might be better if no public announcement of the Turkey-Pakistan accord were made while the Big Four were meeting, in order to avoid giving the Soviets a pretext for bringing it up at the Berlin meeting and propagandizing about the

Continued

2. Shortly thereafter, Pakistan would make a public request for military assistance, to which we would reply favorably. A day or two prior to our reply, the Indians would be informed and a special message from you handed to Nehru.

Immediately thereafter, the necessary mutual defense agreement would be negotiated and a military mission despatched to survey needs and arrive at program recommendations.

U.S. officials informed of the impending development of a Turkish-Pakistan pact should be warned of the danger of making public comments in such a way as to suggest the United States Government has played a prominent role in promoting it. . . . An indiscreet comment at this time, just before the anticipated announcement of Turkish-Pakistan plans, might have particularly unfortunate results.

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threat on their frontiers. According to the Secretary, neither he nor Eden was very concerned but he suggested that if the date of the announcement could be conveniently deferred until late February the United States could give Churchill satisfaction. (682.90D/1-3054)

No. 190

780.5/2-454: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

TOP SECRET PRIORITY ANKARA, February 4, 1954—8 p. m.

803. Berlin for Secretary. Embtel 795 [2] and Deptel 844, [3] February 2.

Turkish Ambassador Karachi has informed Foreign Office initial meeting past week-end with Pakistani Governor General went off in cordial atmosphere. Ghulam Mohammed reacted favorably Ambassador's outline Turkish proposed line of action and general nature proposed agreement. Foreign Minister, also present, appeared cautious but also agreed Turkish exposition. Foreign Office has queried Ambassador Karachi whether Pakistanis agree proposed procedure re diplomatic approaches to Iraq, India, Iran and Afghanistan, and whether Pakistan will also approach Iraq.

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[1] Repeated to Karachi, New Delhi, London, Paris, and Berlin.

[2] Not printed; it reported the Foreign Minister had gone to Istanbul to obtain the Prime Minister's approval of the draft of the Turkish-Pakistan agreement. (Ankara Embassy files, lot 57 F 72, 400 MED, 1953–54)

[3] Not printed; it reported the Pakistan Prime Minister was eager for publication prior to the elections in East Pakistan on Feb. 15 and requested the Embassy to advise the Department of State of the earliest possible date a joint Turkish-Pakistan communiqué could be issued. (782.5/2-254)

Governor General said Pakistanis would prepare draft communiqué. Turks feel it would be good tactics accept such draft as basis discussion. To expedite matters Foreign Office cabling general instructions along lines Department's thinking (Deptel 783, to Karachi as 547),[4] instead of full alternative draft. English text Turkish suggestions will be sent soonest. Department's comments thereon should be sent Karachi so that Embassy can coordinate with Turkish Ambassador and latter agree on final draft with Pakistanis. This draft would be submitted Washington and Ankara before issuance.

Draft Turkish-Pakistani agreement now with Prime Minister in Istanbul who expected approve soon without major changes.

Following is oral outline main points by Birgi this afternoon:

1. Title will probably be "Treaty of Collaboration", with no mention existing friendship treaty with Pakistan in order leave way clear later adherence other states.
2. Introduction will refer UN Charter and common resolve promote its objectives; friendship between Turkey and Pakistan; common objective "advancement, welfare and security" of two countries; this objective in interest all peace-loving countries especially this area.
3. Thereafter number of "classical" articles stressing peaceful intent, furtherance cultural relations and economic and technical cooperation, etc.
4. Main article will refer collaboration and consultation in defense field noting three points: (a) Exchange of information and experience in technical military matters; (b) endeavor meet needs two countries in production arms and ammunition; (c) with reference Article 51 UN Charter, consider how far and in what manner two countries may collaborate in event of nonprovoked aggression against one of them.
5. Agreement will provide for adherence with same rights and duties any country whose participation considered desirable by two contracting states and which prepared contribute achievement its objectives.
6. Agreement will specify it completely consistent with and will not affect validity any existing treaty or agreements concluded by either party.

Agreement will be written in English and ratification deposited in Ankara.

Text will be transmitted Department and Karachi soonest.

WARREN

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[4] Not printed, but see Document 174.

BEST COPY AVAILABLE

No. 191

611.82/2-554: Telegram

The Ambassador in Turkey (Warren) to the Department of State

TOP SECRET ANKARA, February 5, 1954—3 p. m.

808. For Acting Secretary and Byroade.[1] Please pass also Wilson, Defense and Stassen, FOA.

Now that the negotiations between the Turks and the Pakistanis are well on their way to a successful conclusion, there are two urgent Turkish problems that require immediate consideration and decision.

1. The short-fall in the Turkish defense budget for this next Turkish fiscal year requires immediate decision. To continue as we have in the past to treat this problem on an annual *ad hoc* basis is not satisfactory. In order to encourage the Turks so to plan their economy that sufficient revenues are available to make their national defense effort self-supporting within the next four years, it is necessary that the United States review the Turkish as well as the American position and establish a general plan on which both we and the Turks can work in order to establish a Turkish military self-sufficiency at a prospective date. Coupled with this problem is the necessity of establishing a machinery of coordination so that successive NATO Commanders assuming responsibility for the land defense of this area shall not change tactical dispositions, particularly with reference to Turkey, beyond the over-all strategic NATO concept as well as the ability of the Turkish Armed Forces to discharge the tactical responsibility that may be placed upon them. Since we are relying upon the Turks to assume leadership in the area not only with respect to the development of the Balkan Tripartite Pact but also in the development of a collaboration of defense that reaches as far east as Pakistan, it is urgently desirable that the Turks should have a maximum degree of confidence in the fact of our planning and the phasing of its execution.[2]

2. The current negotiations with the Turks on facilities and status of forces for our troops have progressed rapidly in the last six weeks and have now reached the point where only two or three subjects of importance are not yet agreed upon. One of these is the question of criminal jurisdiction. We cannot hope for benefits much beyond those obtained by the Turkish adoption of the NATO statute with respect to criminal jurisdiction. The adoption of this statute, whose submission to the Grand National Assembly is awaiting the conclusion of our negotiations, will in itself require some modification of the Turkish constitution with respect to the exercise of

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[1] A handwritten note on the source text reads: "Answer must be cleared with Byroade."

[2] Telegram 902 to Ankara, Feb. 17, advised the Embassy that "FOA-State-Defense at highest level giving serious study to problem short-fall in Turkish defense budget realizing that problem will persist for several years to come." (611.82/2-2554)

judicial processes. To ask the Turks to make an amendment to the constitution on their judicial processes in my opinion can only be justified if we consider it a matter of primary importance.

These considerations lead me to recommend most urgently that the Turkish country team be instructed to return to Washington not later than the last week in February in order to consult with all interested agencies in State, Defense, and FOA in order to arrive at the necessary decisions and then to take into confidence the three appropriate committees of each House of Congress, that is, Foreign Relations, Defense, and Appropriations. If these consultations can take place the last week in February it should be borne in mind that the President of Turkey and his party will have completed their official tour in the United States but will be remaining in New York that week privately and that several of them may be available if desirable for comment on the subject matter of our consultations.

General Shepard and Mr. Dayton concur.

WARREN

No. 192

782.5/2-1354: Telegram

The Acting Secretary of State to the Embassy in Iran [1]

TOP SECRET WASHINGTON, February 13, 1954—2:01 p. m.

1722. Informal conversations Turks Pakistanis concerning cooperation agreement now far advanced and joint communiqué announcing intention two governments to negotiate such agreement expected near future. [2] We have confidentially informed Pakistan our readiness provide military aid in context Turk-Pak agreement and announcement to this effect will follow shortly after Turk-Pak communiqué.

Communiqué expected to state "the two governments have agreed to study methods of achieving greater friendly cooperation in the political, economic and cultural sphere, as well as of strengthening peace and security in their own interest and also in that of all peace-loving nations."

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[1] Repeated to Baghdad and Colombo for Jernegan. Drafted by Daspit and cleared by NEA, NE, and GTI.

[2] Telegrams 607 from Karachi, Feb. 10 and 838 from Ankara, Feb. 11, neither printed, advised the Department of State that Turkey and Pakistan were believed to be in general agreement on the text of a communique reporting an agreement between the two countries. Those two telegrams and additional information are in Department of State file 780.5.

Precise form of agreement still under discussion but two countries in accord as to basic principles. Agreement will be flexibly drawn and open to accession other countries. It will, *inter alia*, provide for consultation on international matters of mutual interest, cooperation in cultural, economic and technical fields, consultation and cooperation in field of defense, including exchange of technical information, production of arms and ammunition, and studies of ways and extent of cooperation in event of unprovoked aggression.

Within two or three day period prior issuance of communiqué, diplomatic preparations will be undertaken by Turks in Iraq, Iran, Afghanistan and India. (Information not yet available as to Pakistan intentions this matter.) There is some basis for believing Iraqi leaders may be interested accession arrangement, and Turks plan make it clear that way open for such accession. In Afghanistan, Turks will endeavor provide assurance that agreement with Paks will not affect long-established friendship of Turks for Afghanistan and will not involve Turkey in Afghan-Pak dispute. In Iran and India, Turks merely plan provide advance information as to nature of proposed arrangement. Although Iranians will no doubt be given to understand that way open to them accede, no overtures will be made. Advance notice will also be supplied NAC.

Turk-Pak arrangement has developed from initiative of two countries and Department believes it important that indigenous character of venture should be emphasized. Although U.S. interest has been shown from start and we have given encouragement, Department convinced U.S. should remain as far in background as possible. U.S. representatives should follow this line in their official contacts. No objection to statement U.S. informed in advance developments underway and had encouraged them, but knowledge of details should not be revealed in advance their public announcement.

Department's public comment on Turk-Pak communiqué will emphasize local initiative. In order avoid impression official U.S. collaboration, comment will probably be made in regular press conference by Departmental spokesman. Advance copy will be furnished through USIA missions and should be used as guidance for any local comment required.

SMITH

No. 193

780.5/2-1354: Telegram

The Ambassador in Turkey (Warren) to the Department of State

TOP SECRET NIACT ANKARA, February 13, 1954—4 p. m.

847. Deptel 883.[1]

1. Six-day interval necessary to permit Turks (and presumably Pakistanis and US) make secret diplomatic approaches three days in advance release communiqué to Iraq, Iran, India and Afghanistan, as already agreed by US with Turks. Additional day needed for telegraphic advice from Turkish Ambassador Karachi to Ankara that Pakistani Government agrees issuance communiqué, and other day for telegraphic instructions Ankara to four capitals re diplomatic approach, and one additional day allowed as necessary precaution against delays and garbles in transmission. (This especially true in case communications to Kabul.)

2. Turks informed Pakistani agreement awaits word from Prime Minister with whom Zafrullah has communicated in Dakka. No question of postponing issuance communiqué pending study text proposed agreement, which was merely communicated to Pakistanis quickly as possible to permit maximum speed in achieving other agreed steps leading up to US military aid to Pakistan.

3. Department refers understanding communiqué would be released few days after text joint communiqué agreed by Turkey and Pakistan, inferring six-day interval much longer. In fact, there is difference of only one day from five-day interval mentioned in Karachi's 607 to Department,[2] now cited in reference the "few days" in question. I do not feel that we should now urge the Turks alter plans when such negligible time difference involved, and particularly I should not like to base request on our concern over another press story from Washington. Discussing this question of recurring press leaks in general way Birgi commented "what difference does one more story make now, anyway?" Turk cooperation this whole matter in my opinion has been exceptional; they have now fully prepared further moves along lines agreed with us and sent prelim-

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[1] Repeated as telegram 657 to Karachi, Feb. 12, not printed, it advised the Embassies a Washington radio commentator had reported the decision had been made to extend arms aid to Pakistan immediately following the announcement of the Turkish-Pakistan Cooperation Agreement. The Department of State had assumed a communiqué announcing an agreement would be issued shortly after agreement on the text and asked the Embassies to consult with the two governments and advise the Department if it would be possible to issue the communiqué sooner. (780.5/2-1154)

[2] Not printed, but see footnote 2, *supra*. The section of telegram 607 referred to in the source text read: "Expected simultaneous release communiqué Ankara Karachi would occur about five days after approval given by both governments."

inary instructions Turkish representatives Iraq, Iran, India and Afghanistan as well as at NAC; and I strongly feel we should not disrupt plans for sake of saving perhaps one day's time.

Warren

No. 194

Editorial Note

Telegram 622 from Karachi, February 15, transmitted the Pakistani draft of its official request for military aid from the United States. Telegram 675 to Karachi, February 17, informed the Embassy the Department of State was pleased with the Pakistani draft request and did not ask for any changes in the text. The Department considered the text of the request a suitable basis for a public announcement, although it suggested that the text might be shortened for that purpose. Telegram 647 from Karachi, February 19, transmitted the text of the public announcement to be made by the Government of Pakistan requesting military aid. Documentation on this matter is in Department of State file 790D.5 MSP.

No. 195

780.5/2-1754: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

TOP SECRET BAGHDAD, February 17, 1954—9 a .m.

461. Reference Embassy telegram 456 to Department February 15, 1954. [2]

Turkish Ambassador met Prime Minister and Foreign Minister together this afternoon at 3 p. m. Immediately thereafter, he informed me that Iraqi officials had received his message with satisfaction, Prime Minister saying that he felt great joy and pride because he himself had put forward a similar suggestion last year.

Prime Minister asked if he could accept this information as an invitation to participate. Ambassdor replied, "are you awaiting an invitation." Prime Minister said "yes." Ambassador then said, "in such case you may accept this communication as an invitation."

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[1] Repeated to Ankara and Karachi.

[2] Not printed; it advised the Department of State the Turkish Ambassador to Iraq had informed Ambassador Berry he had a joint appointment with the Prime Minister and Foreign Minister of Iraq to inform them of the Turkish talks with Pakistan. The Turkish Ambassador promised to inform Ambassador Berry and the British Ambassador of the results of his conversation. (780.5/2-1554)

Prime Minister asked if he could see text of project agreement. Ambassador said that he himself did not have it but that he would inform his government of request.

Foreign Minister inquired if Iraq would be required to send Iraqi soldiers beyond Iraqi frontiers. Ambassador said that was a matter that would be worked out in course of discussions. Prime Minister interjected that if Israel were to be party to arrangement, Iraq could not participate. Ambassador said there was no plan to include Israel.

Ambassador inquired if, when news became public, Prime Minister would anticipate much popular opposition Prime Minister said opposition would come only from Communists and Istiqlal Party.

Ambassador told Prime Minister that he would inform me immediately of this conversation. Prime Minister said that he also would inform me.

BERRY

No. 196

Editorial Note

On February 24, Ambassador George V. Allen delivered a letter from President Eisenhower to Indian Prime Minister Nehru concerning United States military aid to Pakistan. On February 25, the White House issued a press release containing the text of the letter and a statement by the President on United States military aid to Pakistan. Both documents are printed in Department of State *Bulletin*, March 15, 1954, pages 400–401.

No. 197

780.5/2-2554: Telegram

The Ambassador in Turkey (Warren) to the Department of State[1]

TOP SECRET PRIORITY ANKARA, February 25, 1954—6 p. m.

888. Embtel 870, February 19.[2] Foreign Office has received report from Turkish Ambassador Karachi that Pakistan Foreign

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[1] Repeated as 52 to Karachi.

[2] Not printed; it reported the Foreign Office of Pakistan had informed the Turkish Ambassador in Karachi that the draft cooperation agreement was under urgent consideration. (780.5/2-1954)

Office now states cooperation agreement will not be concluded before one month. Turkish Ambassador being instructed express surprise, recall Zafrullah's initial favorable reaction to Turkey draft text memorandum re issuance joint communiqué (Embtel 848),[3] state Turkish have therefore, thought full agreement existed in principle and only minor details form and language to be decided, and inquired reasons for indicated delay.

Indications at least casual attitude on part GOP re proposed agreement and misleading interpretation given it after issuance communiqué (Embtel 878, February 22)[4] suggest desirability we emphasize to GOP importance we attach prompt and effective implementation cooperation agreement with Turkey, which considered basis extension US military aid. Rapid tempo developments Egypt and Iraq also emphasize again desirability take advantage favorable situation created by Turkey-Pakistani initiative. To this end believe agreement between two countries should be completed soonest (Embtel 864[5] and 870).

WARREN

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[3] Dated Feb. 14, not printed. It reported the Pakistan Foreign Minister told the Turkish Ambassador in Karachi his initial reaction to the Turkish draft of the cooperation agreement was favorable, although he would have some suggestions on form and language. The Turkish Foreign Office was proposing the issuance of an announcement of the agreement on Feb. 19 or 20. (780.5/2-1454)

[4] Not printed; it reported the Turks disliked implications the Turkish-Pakistan agreement might be made the basis for a pact of Moslem states based on religion. (Ankara Embassy files, lot 59 F 72, 400 MED, 1953-54)

[5] Dated February 18, not printed. It reported that if Iraq was really prepared to join at once in a tripartite agreement the Turks would welcome the action, but if Iraq suggested a delay Turkey and Pakistan would go ahead and allow Iraq to adhere later. It commented also that the report from the Turkish Ambassador in Baghdad had not mentioned the extent of popular opposition in Iraq. (780.5/2-1854)

No. 198

780.5/3-2054: Telegram

The Secretary of State to the Embassy in Lebanon[1]

SECRET PRIORITY WASHINGTON, March 20, 1954—12:38 p. m.

1054. Re Embassy telegram 762 March 17.[2]

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[1] Drafted by Daspit and Allen and cleared by NE. Repeated to Amman, Baghdad, Cairo, Damascus, Jidda, Ankara, and Karachi.

[2] Not printed; it reported a conversation between Ambassador Hare and President Chamoun. Chamoun believed the Government of Iraq would succeed in joining the Turkish-Pakistan alignment, and its action would impel other Arab countries, including Lebanon, to review their positions. The Ambassador requested Department of State guidance for use in case Lebanon again raised the subject of following Iraq. (780.5/3-1754)

1. FYI, Department endeavoring keep United States far in background of developing Turk-Pakistan arrangements. In addition to obvious tactical advantage this course, consider it would be unwise in present state uncertainty re availability fund for aid programs to take initiative which would imply commitment to provide support to countries joining organization. In Iraq, where strategic stakes are high and decision extend aid already taken, we departed from this line to extent of indicating warm interest in possible Iraqi adherence to pact and implying that amount aid would probably depend on effectiveness Iraqi participation in area defense plans which promised contribute to security of region. No plans take similar initiative in other Arab countries at present, but we would be pleased see countries move toward alignment on their own initiative. Where we can appropriately give impetus to such development, this should be done, but in unobtrusive fashion and with regard for above consideration. End FYI.

2. We prefer you not raise question this time. If Chamoun initiates you should take following line:

Turk-Pakistan arrangements developed on initiative these Middle East countries. We believe this factor of great importance, since indigenous character arrangements should make it easier for other Middle East countries associate themselves. We hope that other states of area will accept implied invitation of Turks and Pakistanis who stated in their original announcement that arrangements would be open other states. We do not know views of Turks and Pakistanis concerning desirable timing of these developments. For ourselves, we convinced that more important than sudden accession of additional states is making sure that arrangements remain based on solid foundation on which they started. If Government Lebanon interested in eventual adherence these arrangements, they might discuss informally with Turks, Pakistanis and Iraqis as situation develops, in order obtain full information on which to base judgment whether participation would serve Lebanese interests.

DULLES

No. 199

780.5/3-2054: Telegram

The Ambassador in the Soviet Union (Bohlen) to the Department of State [1]

CONFIDENTIAL Moscow, March 20, 1954—2 p. m.

1108. Re Embtel 1104. [2] Zorin called in Turkish Chargé here March 18 and handed him note protesting Turko-Pakistani agreement. Text published today's Soviet press says in part:

"Turko-Pakistani pact is calculated to involve other countries in military bloc, in view of this it is not without foundation considered nucleus for creation Middle Eastern military bloc.

"Inasmuch as no attack, as is well known, threatens either Turkey or Pakistan, this pact cannot be considered defensive. On contrary, as is evident from statements of officials of Turkey and Pakistan, its preparation is closely connected with military plans of Atlantic bloc and affects security of number of countries, especially in region Near and Middle East and also Southeast Asia.

"Soviet Government in its notes to Government of Turkey of November 24, 1951 and January 28, 1952 noted that attempts to create blocs in region Near and Middle East have aim of turning countries of Near and Middle East into *place d'armes* for armed forces of aggressive Atlantic bloc . . .

"Goes without saying that action of this kind of Turkish government cannot but aggravate situation in Near and Middle East and also Southeast Asia and has direct relation to security of Soviet Union . . .

"Such policy cannot but harm Soviet-Turkish relations. Acting in this fashion Turkish Government takes on itself responsibility for consequences of such situation."

BOHLEN

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[1] Repeated to Ankara, Karachi, and New Delhi. All ellipses in this document are in the source text.

[2] Not printed; it reported recent press comment had reflected the Soviet Government's evident displeasure at the Turkish-Pakistan arrangement and the U.S.-Pakistan aid agreement. (780.5/3-1954)

No. 200

Editorial Note

Telegram 989 from Ankara, March 21, reported the Turkish Foreign Office stated the Soviet note protesting the Turkish-Pakistan agreement was similar in tone and content to previous Soviet notes protesting Turkish adherence to NATO. Despatch 440 from

Ankara, March 26, transmitted the full text of the note. Telegram 1147 from Moscow, March 26, reported that the Pakistani Chargé had received a note that day from the Soviet Foreign Office protesting the Turkish-Pakistan agreement and American air bases in Pakistan. Telegram 1153 from Moscow, March 28, reported all Moscow papers on March 28 carried the text of the Soviet protest to Pakistan. Documentation is in Department of State file 780.5.

No. 201

Editorial Note

On April 2, Turkey and Pakistan signed an Agreement for Friendly Cooperation, providing for consultation on international matters of mutual interest; continuing cultural, economic, and technical cooperation; consultation and cooperation on certain defense matters; and accession of "any state, whose participation is considered by the contracting parties useful for achieving the purposes of the present agreement." The agreement was to last for 5 years and be automatically renewable for additional 5-year periods unless denounced a year before each such period ended. The key security provisions of the agreement are listed in the footnote to paragraph 6(b) of NSC 5428, Document 219. The text of the agreement is printed in *Documents* (R.I.I.A.) for 1954, pages 185–186.

No. 202

780.5/4-554: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

SECRET BAGHDAD, April 5, 1954—10 a. m.

590. Nuri described the Pakistan Army as admirable, the military training excellent, and an ammunition factory that he saw first class. He said the King, the "Regent" and he were all delighted with the visit. [2]

When I asked him if what he had learned about the Pakistan-Turkish pact had reassured him, he said "The Regent and I are 100 percent for it, and of course, the King". Then when I said that under such circumstances Iraq would likely be planning to join the pact, he looked shrewdly at me and said, "you planned that from the beginning for how else could Pakistan assist Turkey except through Iraq?"

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[1] Repeated to Ankara, Karachi, Jidda, Tel Aviv, Amman, Beirut, Cairo, Damascus, Jerusalem, and Tripoli.

[2] Members of the Iraqi Government had visited Pakistan.

He continued, "of course we will join but first we have to meet the problem of neutralizing Middle Eastern public opinion on the Palestine issue". He argued that, since Israel feels confidence in its own strength, the tripartite declarations should be a sufficient guarantee to Israel against an Arab aggression. However, since the Arabs States really do not feel so confident of their strength, they need something more. Thus, for example, if they felt that Pakistan was with them against any aggressor, they could feel secure and such a feeling was a prime necessity for discussing peace with Israel.

Nuri said that Middle Eastern peace and the Turk-Pakistan pact are complementary one to the other and in getting forward with one we are really getting ahead with both. With this in mind he suggested to the Pakistanis that for Iraq to adhere, two modifications should be made in the pact. First, in the preamble, Article 51 of the Charter should be put forward more prominently. He commented that the Arabs constantly complain of the United Nations but they really liked it. Secondly, Article 4, paragraph C of the amended pact should say that an unprovoked attack on Iraq or its neighbors would bring the military aspect of the pact into play. This would mean a greater security for Turkey as under this wording, if Turkey were attacked by the USSR, Iraq could immediately move. It would give the necessary security to Iraq, and at the same time remove the concern of other Arab States over Iraq adherence for they would read into it that an unprovoked Israel attack against Syria would bring Pakistan to the aid of the Arabs.

The Pakistanis said that they were willing to make these changes but the suggestion to make them should come from the United States to Turkey and Pakistan.

Nuri concluded that he was making to me his first report of these conversations and he hoped that if the US were interested in seeing Iraq join the pact, and peace to come to the Middle East, we would give prompt consideration to the suggestion.

BERRY

No. 203

790D.5 MSP/4-954: Telegram

The Ambassador in Pakistan (Hildreth) to the Department of State

TOP SECRET KARACHI, April 9, 1954—1 p. m.

820. Principal point in military aid disturbing GOP and quite unclear to Embassy is continuing nature program.

Embassy has assumed from policy decisions inherent in "northern tier" defense concept, Turk-Pakistan agreement, et cetera that continuing defense build up of Pakistan was integral part this policy.

Embassy consequently astonished find survey team [1] thinking of "one shot operation" also to discover in their [garble] that "fiscal year 55 MDAP does not contain funds for ME area other than Greece, Turkey and Iran. There is no assurance that future MDAP will contain funds for Pakistan". Embassy cannot reconcile above with [garble] statement before House Foreign Affairs Committee April 5 that "1955 mutual security program will include continuing authorization for military supplies to Pakistan".

Team was able satisfactorily explain to Pakistanis restrictive nature their mission which well understood and survey accomplished in best atmosphere and with fullest possible Pakistan cooperation. Nevertheless all high GOP officials feel keenest disappointment and puzzlement over failure receive indications long range character program. Both Governor General and Prime Minister have spoken to me last few days and Governor General pleaded with me go to Washington to report.

Pakistan mood is not helped by voluminous publicity on Indian $85 million program and impression US rushing to placate Nehru. Embassy understands $2 million civil aviation program for India just signed. (Seeming capitulation on attrition US observers will not help matters and Prime Minister and Governor General both feel World Bank proposal on canal waters shows desire to appease India because of decision give GOP military aid. [2] Prime Minister has again mentioned gravity Pakistan commitment to West and suggested Iraq others would watch Pakistan see whether commitment was worth risks.

While naturally tending exaggerate risks of new policy and assuming somewhat self-righteous attitude, nevertheless Pakistanis in some justice point seriousness their decision both internally and externally.

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[1] Brig. Gen. Harry F. Meyers headed a U.S. military survey team which visited Pakistan.

[2] For documentation on this subject, see vol. xi, Part 2, pp. 1633 ff.

Embassy cannot help noting difference Pakistan and Indian attitude of Indochina airlift not to mention complete cooperation we receive from Pakistanis in every field. While natural Pakistan instinct is to ask for moon nevertheless we believe regrettable that by time survey team arrived thinking of Defense and State Departments had not been coordinated sufficiently so that survey team or Embassy could have given some assurance on future prospects and long range objectives our aid programs here. Detailed despatches Saturday pouch. [3]

HILDRETH

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[3] Under cover of despatch 649 from Karachi, Apr. 8, Ambassador Hildreth transmitted to the Department the minutes of the meetings described herein, as drafted by the Pakistanis, none printed. (790D.5 MSP/4-854)

No. 204

120.4382/4-1254: Circular telegram

The Acting Secretary of State to Certain Diplomatic Offices [1]

CONFIDENTIAL WASHINGTON, April 12, 1954—12 p. m.

358. For Ambassador from Byroade. It has now been nearly a year since visit Sec and myself to Middle East. Think we would all benefit from chance talk things out and have reached tentative conclusion regional conference Ambassadors at Istanbul would be profitable. Would like frank views Ambassadors as to desirability such meeting in near future. Countries to be included, subject comments, would be Greece, Turkey, Iran, Libya, Pakistan, Afghanistan, Saudi Arabia, Egypt, Syria, Iraq, Israel, Jordan and Lebanon. ConGen Istanbul would of course be expected attend meetings.

Congressional and other schedules make it appear opening date of May 11 best for my absence from Department. Sessions would be informal and attended by Chiefs of Mission only. Agenda would be furnished by Department and would probably highlight Arab-Israeli situation and regional defense arrangements. If current negotiations or local country crisis should dictate, Ambassador could be represented by Counselor of Embassy. Conference would run about three days.

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[1] Drafted by Byroade and cleared by NEA. Sent to Athens, Ankara, Tehran, Karachi, Jidda, Cairo, Baghdad, Damascus, Tel Aviv, Amman, Beirut, Kabul, and also to the Legation in Tripoli and the Consul General in Istanbul.

Istanbul suggested because of relative absence political issues and difficulties with press.

Ankara query Foreign Office re any possible objections.

Istanbul report on availability space, transportation and hotel accommodations. Wives could accompany.

This is preliminary cable. Reply by Wirom. After response from field will issue instructions based on amalgamation views of Department and comments from field.

SMITH

No. 205

790D.5 MSP/4-954: Telegram

The Acting Secretary of State to the Embassy in Pakistan [1]

TOP SECRET WASHINGTON, April 16, 1954—1:55 p. m.

883. State message with which Defense and FOA concur. Re Embtel 820. [2]

FYI: Formal policy statements on which Pakistan aid program based include NSC 155/1 [3] which lists Pakistan among those states worthy of special consideration as possible recipients of "limited military assistance to promote US security interests, to increase confidence in the US and to help in developing indigenous forces which can improve political stability, internal security, and the maintenance of pro-Western regimes, and ultimately contribute to area defense." NSC 5409 [4] contains following passages bearing on question: "Encourage Pakistan's participation in any defense association which is judged to serve the interests of the United States . . . Seek to insure that in the event of general war Pakistan will make available manpower resources and strategic facilities for mutual defense efforts with the West. Give special consideration to Pakistan in providing military assistance, including grant . . ." JCS also on record to effect that under certain circumstances aid to Pakistan might contribute to "a satisfactory solution to the problem of defending the Middle East through more effective utilization of indigenous personnel." These statements not construed to mean "one-shot" program.

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[1] Drafted by Daspit and cleared by SOA, S/MSA, NEA, FOA, and Defense. Repeated to London for General Meyers.

[2] Document 203.

[3] Document 145.

[4] For text, see vol. XI, Part 2, p. 1089. The following ellipses are in the source text.

Secretary's mention of "continuing authorization" was meant to convey to Congress concept that funds appropriated for FY 1954 have already been reserved for initial MDA program for Pakistan. Sum reserved for Pakistan will, in judgment Defense and FOA, based on experience in getting new MDA programs under way, provide for all effective requirements through FY 1955. Executive Branch therefore not requesting additional funds be appropriated this purpose for FY 1955, but asking only for reappropriation funds appropriated FY 1954 but thus far unused. More accurate version of passage quoted terms of reference military survey team would be "For MDAP in Near East, South Asia, and Africa, the Administration is requesting new obligational authority in FY 1955 only for programs for Greece, Turkey and Iran. It is also requesting reappropriation of approximately $80 million from previous years funds that have been reserved for programs in other countries of this region, including Pakistan". Statement that no assurance future MDAP will carry funds for Pakistan inserted as normal caveat re uncertainty Congressional action and does not indicate lack of purpose in Executive Branch.

Department regrets that lack of clear definition of long-range policy objectives has resulted in disturbing Pakistanis. In discussion with Assistant Secretary Byroade prior team departure Defense officials agreed that team's terms of reference should not be interpreted in restrictive manner and that team report should recommend long-range as well as immediate one-year program. Department considers that long-range policy objectives can be most effectively considered against background of such report and intends to seek further clarification these objectives when report available. End FYI.

Embassy authorized provide GOP following interim statement US intentions, indicating further clarification may be forthcoming later.

1. In providing military assistance to Pakistan within general context of Turk–Pak arrangements, we look forward to long-range developments which should materially improve security of general area of Middle East and South Asia.

2. In effort get developments promptly under way, survey team instructed recommend initial one-year program of military assistance Pakistan. Because of unavoidable administrative delays in establishing MAAG, completing programming, placing orders, effecting shipments, etc., principal accomplishments we expect during initial period will be to lay foundation on which build toward objective stated [by the U.S. Military Survey Team in Phase] "1".

3. We recognize achievement long-range objective will probably require program of several years, and Executive Branch USG planning accordingly. Planning toward these objectives will be based on studies and recommendations of MAAG, Pakistan, and other US

agencies concerned MSP, which will consult with appropriate Pakistani authorities. GOP must realize, of course, that effectuation any such plans must depend on willingness Congress to make available necessary funds.

4. We also recognize that to effectuate possible long-range program may create problems for GOP involving balance in budgetary outlays and affecting progress in economic development. USG will be prepared take these problems into account, and US representatives Pakistan who have over-all responsibilities under Mutual Security program will be authorized discuss subject with GOP authorities at appropriate time.[5]

SMITH

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[5] Telegram 854 from Karachi, Apr. 20, reported that the essence of the numbered paragraphs of telegram 883 had been given to the Prime Minister that day in writing, and the Prime Minister said he understood the problem of yearly appropriations in the United States. (790D.5 MSP/4-2054)

No. 206

Editorial Note

Agreement between the United States and Iraq providing for United States military assistance to Iraq, was effected on April 21, 1954, by an exchange of notes in Baghdad. For texts, see *United States Treaties and Other International Agreements* (UST), volume 5 (pt. 3), page 2497. The agreement entered into force immediately. For text of the Department of State press release on the agreement issued April 26, see Department of State *Bulletin*, May 17, 1954, page 772.

No. 207

120.4382/4-2154: Circular telegram

The Acting Secretary of State to Certain Diplomatic Missions[1]

CONFIDENTIAL WASHINGTON, April 21, 1954—8:16 p. m.

377. Agenda for Istanbul Conference will remain flexible since sessions will be informal and discussion need not be limited these topics. Nevertheless urge you consider following points as they affect your country.

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[1] Drafted by Hadsel and cleared by NEA and S/S-CR. Sent to Amman, Ankara, Athens, Baghdad, Beirut, Cairo, Damascus, Istanbul, Jidda, Kabul, Karachi, London, Paris, Rome, Tehran, Tel Aviv, and Tripoli.

You should also be prepared give brief analysis (say 10 to 15 minutes) of major problems your country of regional significance. Formal or detailed country-by-country reports not required.

Not anticipated following points will all be discussed in detail but hoped they will assist conference arrive at recommendations effectively strengthening US policy.

I. Security in Middle East and South Asia.

1. Prospects of expanding Turk-Pak Agreement.

a. Best means of giving encouragement and assistance while maintaining indigenous initiative.
b. How closely should military aid be tied to pact?

2. Potential political advantages and disadvantages from expanded agreement.

a. Effect on Arab League and general orientation including neutralism of area.
b. Effect on area disputes, e.g., Pak-Indian, Arab-Israeli.

3. Military advantages.

a. Prospects of building useful local forces.
b. Effect of UK or French association.
c. Possible size US investment required.

II. Arab Unity.

1. Present state of Arab League. Its prospects. Our policy.

2. Shifting role of various members. Their rivalries and disputes.

3. Prospects for merger of Arab states, especially Fertile Crescent. Effects on neighboring states. Should US change present policy?

III. Arab-Israeli Tension.

1. Elements of problem:

a. Intentions and capabilities Israel and Arab states.
b. Recent US policy and its limitations.

2. Specific issues:

a. Usefulness UN in disputes. Should UNTSO be strengthened? If so, how?
b. What can US do outside UN?
c. How can Soviet-Arab "alliance" be prevented?
d. What should US policy be if open warfare occurs on border?
e. Any prospects for solution of Jerusalem problem?
f. Prospects for negotiations on issues with various Arab states, including role of Egypt.
g. Arab boycott, free transit of Suez.

3. Unified Plan for Jordan Valley.

a. Present status. Future strategy.

b. Relation to aid program and boundary question.

IV. Oil.

1. Impact on Iran settlement on area.

2. Status oil problems in Arab states.

3. Guideposts of long-range oil policy; US Govt posture toward American companies and toward Govts of oil producing and transit states.

V. Aid Programs (Economic and Military).

1. Status of present programs in area. Problems involved.

2. Report on Congressional prospects.

3. Effects in area of following alternatives:

a. Elimination most military and grant economic aid.
b. Continuation approximately present program.
c. Continuation present program with more emphasis loans.

4. Appraisal long-term prospects economic and military aid programs achieving US objectives.

VI. Policies of Other Powers in the Area.

1. Soviet activities:

a. Effects of increased USSR interest. Analysis of effectiveness of Soviet techniques.
b. Methods of combating Arab-Soviet alignment.

2. Indian activities in area. Should counter-measures be taken?

3. Are there any significant recent developments re policies of other powers (UK, France, Germany) which merit special attention? [2]

VII. Border Disputes (of concern to countries directly involved only).

1. Iran–Pakistan–Afghanistan.

2. Iran–Iraq.

3. Iran–UK (Bahrein).

4. Saudi Arabia–UK (Trucial Coast, Buraimi, Qatar, Oman, Hadhramant).

5. Yemen–UK (Aden Protectorate).

SMITH

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[2] Originally there had also been a paragraph 4 which read, before deletion: "U.K. position in Egypt, Iraq and Jordan: implications for U.S. short-range and long-range interests."

BEST COPY AVAILABLE

No. 208

790D.5 MSP/4-954

The Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Ambassador in Pakistan (Hildreth) [1]

TOP SECRET WASHINGTON, April 22, 1954.
OFFICIAL–INFORMAL

DEAR MR. AMBASSADOR: In our message No. 883, April 16 [2] we provided you just about all the data on the scope and intention of the Pakistan arms program it is possible to clear at this time on an official basis. I hope you will find it useful in clearing up some of the confusion which was generated by the statements as well, apparently, as by the unspoken attitude of the members of General Meyers' survey team. In addition to the material included in that message I feel we owe you a personal explanation of some of the off-the-record factors which contributed to this confusing situation. I am accordingly writing you this letter for your confidential information in the hope that it will provide some measure of reassurance that confused as the situation in Washington may be, it has not fallen into the state of utter contradiction which recent official communications might seem to indicate.

The first element to take into account in attempting to understand the Pakistan aid problem is the fact that the nature and importance of United States strategic interests in the general area of the Middle East and South Asia has been defined in only vague and general terms. As a consequence, the amount of the investment justified to protect these interests is a matter which is certain to produce considerable debate but has as yet led to no agreed conclusion. It can be said that over the past several years there has been a sort of glacial movement toward the acceptance of increased United States responsibility in the area. The movement has been so gradual, however, as to be almost imperceptible and it has taken place largely without benefit of conscious guidance and impulse. By and large the State Department has been convinced that the logic of events compelled this development and that this should be recognized as a basis of policy. The Pentagon, on the other hand, feeling that available United States forces and resources were inadequate for this additional undertaking on top of our many other commitments around the world have consistently fought shy of this conclusion. A complete reconciliation of these inconsistencies has not yet been achieved.

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[1] This letter was drafted by Daspit and cleared by SOA.
[2] Document 205.

This was the somewhat confused backdrop against which the decision to supply aid to Pakistan was taken. The inconsistencies were not first resolved, and are not even now, but I believe by that act we moved closer to such a resolution. As you know, this was in every sense a "high-level" decision in which the President, Secretaries of State and Defense, and the Joint Chiefs of Staff concurred. The whole problem had been raised to that level almost from the beginning by virtue of the importance of the Indian aspect of the matter, as well as by the successful promotional activities of General Ayub and Ghulam Mohammed. On the other hand, the question was never referred to the NSC with all of the prolonged staff work and the extensive circulation of drafts this would have involved.

When the decision was finally reached, I believe there was full recognition on the part of those making it of the need to carry through on a significant basis. We have reports that the President himself is of this mind and we know that Admiral Radford is strongly of this opinion. At the operating level in the Pentagon, however, where the terms of reference for the survey team were drafted—in the Office of Military Assistance and G-3 of the Army—it is doubtful that these views were known. Instead of reflecting the current views of the President, the Secretaries and Admiral Radford, the terms of reference reflected the long-standing uncertainty as to strategic objectives described above, as well as the general philosophy of "economize and cut-back" which has been constantly dinned into all levels of Pentagon personnel.

We saw the terms of reference in draft form and made a number of suggestions for modification, including clear directions to the team to prepare a long-term as well as an initial one-year program. When some of our officers went over to the Pentagon to brief the team the day before General Meyers departed from Washington, they discovered that not only had there been no such amendment in the terms of reference, but that General Meyers had become so infected with the philosophy of caution and doubt the terms of reference seemed to reflect that he was talking an extremely alarming line which he planned to take with the Pakistanis. On the basis of the report our officers brought back, Byroade arranged the next morning a meeting with Admiral Davis, the Director of the Office of Foreign Military Affairs in Defense, and General Stewart, the Director of the Office of Military Assistance, which was attended by a liberal sprinkling of Defense officials and by General Meyers.

In this meeting, it was demonstrated that at Admiral Davis's level there was no lack of intention to carry through, and he clearly and emphatically told General Meyers that the Pakistan program was not to be regarded as a "one-shot" operation. He said the team should report long-range objectives as well as a detailed initial one-year program and stated that if General Meyers felt his terms of reference inhibited the submission of such a report, he, Admiral Davis, would change the terms of reference forthwith. General Meyers thereupon professed complete satisfaction with these statements and volunteered that since there was general agreement on Admiral Davis's interpretation of his mission he would proceed on that basis. He said further, that in view of the general agreement indicated, he did not feel that any alteration in the terms of reference was necessary. We returned from this meeting feeling that General Meyers understood the position and that the survey would proceed on the right basis and with the proper intent.

Accordingly we were not only disturbed but considerably perplexed when the returns from Karachi began to come in. I do not profess to understand the actions and statement of General Meyers. As described by the Embassy, they were completely at variance with the explicit understanding reached at our meeting.[3]

With your telegram No. 820[4] as a point of departure we moved as quickly as we could to clear the statement which reached you in our telegram No. 883. Although this message represents the limit of what we can say at present, we recognize that it will be desirable to have a more nearly definitive statement of long range objectives. As we stated in our telegram we think a good time to seek this will be shortly after the survey team report has been submitted. It may still be impossible to secure a statement as clear cut as we would like, but the glacier is moving. I have no doubts personally that we will be able to follow through with the Pakistan program in a manner which will convince even the doubters that the United States supports its friends. The logic of the situation is too clear and the supporters of the Pakistan program too strong to permit any other development. It may, and probably will, take a good while to get the program effectively moving: this has been the history of MDAP everywhere. But don't let the inevitable slow start or possible confusing statement from Washington disconcert you or discourage the Pakistanis. There is solid basis for believing that we are at the beginning of important developments in connection with this program, and we are convinced that all of us concerned with it should proceed on that assumption.

Sincerely,

JOHN D. JERNEGAN

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[3] In despatch 649 from Karachi, Apr. 8, Ambassador Hildreth transmitted the Meyers statement as enclosure 2, not printed; see footnote 3, Document 203.

[4] Document 203.

No. 209

780.5/5-1454

Paper Prepared in the Office of Intelligence Research, Department of State [1]

SECRET WASHINGTON, May 3, 1954.

OIR CONTRIBUTION TO NIE 30-54: MIDDLE EAST DEFENSE

CONCLUSIONS

1. Prospects for the development of effective defense of the Middle East against a major aggressor are only slightly more favorable now than in 1951 and 1952, the dates of the unsuccessful MEC and MEDO proposals.

2. The Turk-Pakistani agreement providing for defense consultation as an initial step toward regional defense, attempts to overcome one obstacle to previous attempts to set up regional defense—namely, an over-emphasis on Western initiative and direction. In addition, the possibility of substantial MDAP assistance without ostensible "strings" offers a new feature in the situation since all of the states in the area desire to improve or expand their military establishments. Despite these potentially favorable factors, however, there 0are serious obstacles to be surmounted before a wider regional defense system can be brought into being.

3. Iran and Afghanistan are unlikely to risk joining any Middle East defense arrangement until it has shown sufficient strength to provide them immediately with a fair degree of protection.

4. The adherence of Iraq to the Turk-Pakistani pact is problematic since it depends on the strength and nature of internal as well as external opposition, with time apparently working to reduce the prospect of adherence. An important variable, however, will be the timing, scope and nature of MDAP assistance.

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[1] The source text was the first section of a 40-page paper prepared in OIR. No drafter was listed on the text. The rest of the paper consisted of sections on the background of a Middle East defense organization, the attitudes of other states toward adherence to the Turkish-Pakistan agreement, the prospects for development of a formal regional defense organization, the probable attitudes of other countries toward a formal regional defense organization, and the probable consequences of developments in Middle East defense.

The "conclusions" section was attached to a memorandum by Fritzlan to Hart, dated May 14, not printed (780.5/5-1454), which disagreed with a number of statements in the paper. For a more formal statement of disagreement, see the paper approved by the Chiefs of Mission Conference at Istanbul, May 14, entitled "Conference Statement on Middle East Defense Commenting on OIR Contribution to NIE 30-54, May 3, 1954," Document 212. NIE 30-54, June 22, is printed as Document 215.

5. Egyptian support for the purposes of the Turk-Pakistani agreement will depend on the outcome of Anglo-Egyptian negotiations respecting the Suez base. If these negotiations are successful, Egypt's policy will probably be favorable to the general purposes of the Turk-Pakistani arrangement, particularly if Western military assistance were provided to Egypt.

6. The willingness of other Arab states to adhere to the Turk-Pakistani agreement will depend on the attitudes of both Iraq and Egypt. If either Iraq or Egypt should be favorable and the other unfavorable, the situation with respect to the other Arab countries would be difficult to assess; fears of Israel would increase, Arab balance of power rivalries would be intensified, and united Arab response could hardly be expected.

7. Whatever success may attend efforts to bring about a regional defense grouping on the Turk-Pakistani pattern, prospects for a tighter defense organization, with planning and coordinating functions and perhaps a combined command, are not likely to become more favorable unless there is a reduction of the basic incompatibilities of Western and Middle Eastern political objectives, and in particular a lessening of the tensions between the Western powers and the Middle East states which arise from the Anglo-Egyptian and Anglo-Iranian disputes and the Arab-Israeli conflict. Other rivalries and tensions in the area also present serious, though not necessarily insuperable, obstacles to the successful operation of a regional defense arrangement of this more effective nature. Such an arrangement could probably gain force and effectiveness only as a consequence of an enlarged direct political and military assistance role of the US and continued US/UK cooperation. France would play only a marginal role in these defense arrangements, although it would expect to be consulted. The UK, with its special treaty rights and positions, would be extremely vigilant in protecting its regional interests and would seek to reconcile the purposes of any regional arrangement with these interests.

No. 210

Editorial Note

The Conference of the United States Chiefs of Mission in the Near East Area (RECNE) was held at Istanbul, Turkey, from May 11 through May 14, 1954. Present at the Conference were Henry Byroade, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs; Burton Y. Berry, Ambassador to Iraq; Cavendish W. Cannon, Ambassador to Greece; Raymond A. Hare, Ambassador to Lebanon; Loy W. Henderson, Ambassador to Iran; Horace A. Hildreth, Ambassador to Pakistan; Lester D. Mallory, Ambassador to Jordan; James S. Moose, Ambassador to Syria; Henry S. Villard, Minister to Libya; George Wadsworth, Ambassador to Saudi Arabia; Angus Ward, Ambassador to Afghanistan; Avra M. Warren, Ambassador to Turkey; Francis H. Russell, Chargé d'Affaires at Tel Aviv; G. Lewis Jones, Counselor of Embassy at Cairo; Evan Wilson, First Secretary of Embassy at London; William Burdett, Office of Near Eastern Affairs, Department of State; and Donald C. Bergus, Acting Executive Secretary of the Conference.

On the opening day of the Conference, each participant gave a brief review of the current situation in the country to which he was accredited. Those reviews are in the "Summary Record of the Conference of U.S. Chiefs of Mission in the NEA Area Held at Istanbul, May 11-14, 1954," which also includes a brief statement by each of the participants on the general reputation of the United States in the country to which he was assigned. The Summary Record, not printed, is in Department of State file 120.4382.

Following the country reviews, the members of the Conference had a lengthy discussion of the problem of regional security in the Near East. The agreed conclusions of the Conference on that topic, drafted by Henderson with the assistance of Berry and Jones, are Annex A to the Summary Record of the Conference, and are printed *infra.* After another lengthy discussion of the problem of the Arab-Israeli tensions in the area, the agreed conclusions of the Conference on that topic were drafted by Hare, assisted by Russell. That paper is Annex B to the Summary Record of the Conference, Document 824.

No. 211

120.4382/5-1454

Paper Approved by the Chiefs of Mission Conference at Istanbul, May 11-14, 1954 [1]

TOP SECRET ISTANBUL, May 14, 1954.

CONFERENCE CONCLUSIONS ON REGIONAL SECURITY IN THE MIDDLE EAST

In preparing the suggestions set forth below, the Conference considered it unnecessary to dwell on the basic considerations responsible for its belief that the erection by the countries of the Middle East of a strong regional security structure would be in the interest of the United States. It has assumed that the interested US Governmental agencies are already well informed in this respect. It might be pointed out, nevertheless, that the participants of the Conference are convinced that it is one of the objectives of the Soviet Union to bring the Middle East behind the Iron Curtain and that the Soviet Union is constantly maneuvering with the purpose of facilitating the attainment of this objective; that it is desirable that the people of the Middle East should have confidence that there is a possibility of preventing the Soviet Union from obtaining control of the area; and that the loss of the Middle East to the Soviet Union would represent a major catastrophe to the free world.

1. It is the consensus of the Conference that a regional defense arrangement among the nations forming the so-called "Northern Tier"--that is, Pakistan, Iran, Iraq, and Turkey—would strengthen materially the security and stability of the Middle East, and would therefore be in the interest of the free world and in the national interest of the US.

2. The Conference, therefore, welcomes the arrangements which are being entered into between Turkey and Pakistan as a first step in the formation of the "Northern Tier".

3. The Conference is hopeful that the agreement entered into recently between the US and Iraq, under which the US under certain conditions is to furnish military assistance to Iraq, will tend to encourage Iraq to become a member of the "Northern Tier". The Conference believes that it would be a mistake for the US to bring

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[1] Loy Henderson, assisted by Burton Berry and G. Lewis Jones, drafted this paper after a discussion of the topic by the participants at the Chiefs of Mission Conference at Istanbul, and it became Annex A to the Summary Record of the Conference. (120.4382/5-1454) For details of the Conference, see the editorial note, *supra*.

pressure on Iraq to apply for admission into such regional security arrangements at this time; it is thought that it would be preferable for Iraq to consult with Turkey and Pakistan and then to decide for itself the course it should take.

4. It is the understanding of the Conference that, although Iran is convinced that its own security and that of the area would be strengthened if its defense could be coordinated with that of Pakistan, Iraq and Turkey, Iran does not believe it would be useful for it to enter into a regional security arrangement with these countries until it possesses armed forces capable of contributing to the defense of itself and to that of the area. The Conference, therefore, recommends that the US give consideration to assisting Iran within the shortest possible period to reorganize and strengthen its armed forces to such an extent that they would have defense capabilities. This assistance should be in the form of carefully selected matériel, highly concentrated training, advice with regard to organization and placing of Iranian armed forces and with regard to shifting of certain Iranian arsenals and supply bases to areas where they might be best defended from Soviet invading forces. The Conference also recommends that until the Iranian budgetary position is substantially improved, the military supplies and advisers be furnished on a grant basis and the US pay the cost of the additional training necessary to convert the present flaccid Iranian armed forces into cohesive hard-hitting military units.

5. The Conference is of the opinion that with the formation of a "Northern Tier", an already isolated Afghanistan might become more attractive to Soviet aggressors, and also might become more susceptible to Soviet influence. It therefore recommends that the US make special efforts to bring about a closer association between Afghanistan and the members of the "Northern Tier", particularly Pakistan and Iran. It further recommends that efforts be made to exploit the indicated desire of Afghanistan for military assistance in such a manner as to encourage it to stand up to Soviet pressure and that Afghanistan be given to understand that the eventual receipt by it of grant US military aid must be linked with its willingness to collaborate in matters of regional defense with the countries of the "Northern Tier". In this connection study might be given to the possibility of ameliorating the hostility between Pakistan and Afghanistan growing out of the Pushtoonistan dispute by using Pakistan as a channel for extending military and economic assistance to Afghanistan. It is also suggested that consideration be given to the possibility that, in view of the strong ties existing between Turkey and Afghanistan, the former be urged to play a positive role in improving Afghan-Pakistan relations.

6. It is the consensus of the Conference that if the Arab countries lying behind the "Northern Tier"—that is, Saudi Arabia, Egypt, Libya, Syria, Lebanon and Jordan—should later individually or collectively ask to participate in this regional security arrangement, it would be in the interest of the US for such request or requests to be considered sympathetically. It was the general belief of those attending the Conference, however, that the US at this stage should not endeavor to encourage or discourage these Arab countries to make such requests. It should not encourage them because in the opinion of the Conference it might be preferable, at least in the initial stages of the organization, for the "Northern Tier" to be limited to the four countries mentioned in paragraph 1. If, without prompting from the US one or more Arab countries should ask to join the "Northern Tier" and be rejected, this might create friction harmful to area security. Requests should be examined, therefore, in the light of all the factors involved at the time.

7. The Conference acknowledges that support of the "Northern Tier" by Syria, Lebanon and Jordan would constitute a defense contribution to strengthen the area. Accordingly, the Conference would favor the extension at an appropriate later date of military aid to these states dependent upon their willingness and ability to participate in the defense of the region.

It is the understanding of the Conference that Lebanon, which has no alternative except that of siding with the West, is considering the advisability of following Iraq's example and making a request in the near future for grant military assistance in anticipation that its action would probably lead to participation in some form of regional defense arrangement. It appears that any contribution of Lebanon would be limited to its extensive airfield and to its ports.

It is considered possible that Syria might at some moment desire to participate in this regional security arrangement if it could obtain grant military aid thereby. It is believed that it would have little to contribute other than lines of access, air bases and ports.

Whether or not Jordan should desire to enter into the security arrangement would depend to a large extent upon the attitude of its ally, Great Britain, which is financing Jordan and supplying its military needs.

The Conference believed that Libya because of its strategic air bases and increasingly close ties with Turkey could make an appropriate contribution to the security arrangements of the area. It was considered probable that Libya would wish to join any defense arrangement including the Arab countries that offered the prospect of economic or military grant aid in return for the use of its base facilities.

8. The Conference recommends that negotiations be continued between Saudi Arabia and the US for the purpose of strengthening present arrangements (Dhahran Air Base Agreement and Mutual Defense Assistance Agreement for the extension of cash reimbursable military aid, both signed June 18, 1951)[2] for the extension by the US to Saudi Arabia of assistance in the organizing and equipping of Saudi Arabian armed forces capable of maintaining internal security. The expenses involved should continue to be borne by Saudi Arabia with the exception of the cost of the training and with the added exception that "training aid" should be furnished without cost by the US. The Conference was of the opinion that Saudi Arabia would not be able to make any contributions to the security of the area beyond maintaining internal stability, including protection of ARAMCO installations and personnel, and furnishing airfields and rear lines of communication.

9. The Conference noted that Egypt is likely to be displeased at the concept of a "Northern Tier". Egypt will resent any Middle East arrangement in which it does not play a leading role. Egypt regards itself as indispensable to the defense of the Arab world. It is the view of the Conference that on appropriate occasions it be made clear to Egypt that the "Northern Tier" concept does not reduce the importance of Egypt, especially from the point of view of bases, communications and manpower. It is in the US interest that nothing in the "Northern Tier" concept should derogate from the US program to strengthen Egypt by military and economic assistance, to establish Egypt firmly on the side of the West, and to associate Egypt in some manner in the defense of the area. Such a program contemplates an early Anglo-Egyptian settlement.

10. It is the consensus of the Conference that if the "Northern Tier" concept is to have success in promoting the security of the Middle East and South Asia it must have the support of the British Government. It is the understanding of the Conference that the British Government has certain reservations regarding this concept and in particular is not enthusiastic about the inclusion of Iran. The Conference expressed the hope that as the result of political and military conversations with the British in the near future British doubts will be resolved, and that continued US and UK cooperation will be assured.

11. The Conference understands that Israel presently has the most capable military force in the Middle East outside of Turkey with a potential five divisions based on some 57,000 regular personnel and 145,000 trained reserves. As a result, Israel is at present able to defend itself against any likely combination of Arab states.

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[2] For documentation, see *Foreign Relations*, 1951, vol. v, pp. 1017 ff.

If at an appropriate later date a program of arms aid to the Arab states should be instituted, it is believed that such aid will not materially change this power relationship for a considerable period after its initiation. It is also believed that a program of arms aid to Israel at the present time would result in Arab refusal to cooperate in measures designed to strengthen area defense. A program of military grant aid to Israel is therefore not now recommended. An arms aid program of the nature envisaged in the preceding paragraphs, however, might result in the danger that the arms would at some later time be used by the Arab states against Israel and will certainly give rise to fears by Israel of such a danger. To meet both the danger and the fear the Conference recommends:

(a) that Arab states contiguous to Israel be informed in discussions with them concerning possible arms aid that the Government of the US must be in a position publicly to state that the assurances which it had received from the Arab states not to use such arms for aggressive purposes were applicable to all countries, including Israel;

(b) that the US, the UK and France make public declarations of their intention to take specified economic and military sanctions to prevent the occupation by either Israel or the Arab states of territory of the other;

(c) that indirect and unattributed publicity be given to the fact that the contemplated scope, character and phasing of aid would not be such as to constitute a danger of their use for aggressive purposes.

No. 212

120.4382/5–1454

Paper Approved by the Chiefs of Mission Conference at Istanbul, May 11–14, 1954 [1]

TOP SECRET

ISTANBUL, May 14, 1954.

CONFERENCE STATEMENT ON MIDDLE EAST DEFENSE COMMENTING ON OIR CONTRIBUTION TO NIE 30–54, MAY 3, 1954 [2]

The Conference of Chiefs of Mission held at Istanbul May 11–14, 1954 considered in considerable detail the problem of defense of the Near and Middle East against a Soviet aggressor and in some respects, the generally prevailing opinion diverged from the conclusions embodied in the OIR contribution to NIE 30-54, May 3, 1954.

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[1] This paper was prepared by James S. Moose and adopted by the participants at the Chiefs of Mission Conference at Istanbul. It is Annex C to the Summary Record of the Conference. (120.4382/5–1454) For details of the Conference, see Document 210.

[2] Document 209. NIE 30–54, is Document 215.

The Conference held the view that the current plans intended to insure Middle East defense should be considered as having their inception in the programs of aid for Greece and Turkey inaugurated in 1947 and that the abortive MEC and MEDO proposals in 1951 and 1952 were further moves in the same direction. The MEC and MEDO proposals failed in large part because they over-emphasized Western initiative. The view of the Conference was that in the Turk-Pakistani accord this over-emphasis had been alleviated and that expansion of the pact held out promise of organizing worthwhile forces within the area for its defense.

To achieve this end, the Conference believed that adherence of the other states of the "Northern Tier" i.e., Iraq and Iran, was of primary importance, and that adherence of certain other states was desirable in varying degrees. Those states were Syria, Lebanon, Jordan, Saudi Arabia, Egypt, Afghanistan and Libya. It was not believed that Israel should adhere to the pact in the foreseeable future. The view was also held that U.S. and U.K. cooperation would be essential to the success of the organization as would U.S. military assistance.

General consideration of the problem of Regional Security in the Near and Middle East and the conference views thereon are given in another paper, and the following remarks deal primarily with the prospect of securing the participation of states of the area in an expanded Turk-Pakistani pact.

In addition to the desire for greater security, states of the region generally wish to enlarge or to improve their military establishment and so would be attracted in a greater or lesser degree by the prospect of U.S. bilateral grant military assistance.

Iraq signed a military aid agreement with the U.S. on April 21, 1954. The King, the Crown Prince Abdul Ilah, Nuri Pasha, and other Iraqi leaders are known to favor adherence to the Turk-Pakistani pact, and the extent and nature of the U.S. aid actually extended to Iraq will be affected by Iraq's attitude. The Conference was of the opinion that Iraq would adhere to the pact eventually, though some time might be required for the preparation of Iraqi and Arab public opinion for such a move.

Iran has a military aid agreement with the U.S. of several years standing. The Shah and General Zahedi both favor Iranian participation in the Turk-Pakistani pact. The Conference expected them to wait, however, until the Iranian forces were better able to assist in area defense and until an agreement had been reached re Iranian oil. Additional and effective military aid to Iran, in the opinion of the Conference, would be likely to hasten Iranian adherence.

Because of *Afghanistan's* exposed position, the Conference did not expect Afghanistan, despite any Afghan desire to participate in regional defense, to adhere to the Turk-Pakistani pact until progress could be made toward a settlement of the Pushtunistan issue with Pakistan.

High Lebanese officials have indicated that *Lebanon* will ask for certain military aid from the U.S. and will be prepared to follow Iraq in adhering to the pact. The Conference therefore believed that Lebanese adherence can be secured by the time it would have any practical value.

An offer of grant military aid was believed to be prerequisite to *Syrian* participation in the pact. The extent of the aid required, it was believed, might vary according to political developments in the region.

Jordan, in the opinion of the Conference, could be brought into the pact by British influence, if its participation were desirable.

The Conference held the view that *Saudi* adherence to the Turk-Pakistani pact in the near future was unlikely, but that the U.S. by strengthening its present arrangements with Saudi Arabia, could secure all the support of which that country was capable.

While *Egypt* would initially dislike the idea of adhering to the Turk–Pakistani pact, a settlement of the Suez Canal issue with the British and U.S. military and economic aid, combined with the participation of other Arab League states might act as inducements to Egypt to eventually follow suit if no other defense arrangement more attractive to Egypt were available.

It was the consensus that Libya could be induced to adhere to the Turk–Pakistani pact, if that were desirable, by a grant of economic and/or military aid.

The Conference did not believe that Israel is now in a position to be integrated into any area defense plan now under consideration.

Members of the Conference were unanimous in the opinion that effective U.S.–U.K. cooperation would be necessary to the establishment of a regional defense organization, and that the U.K. would endeavor to protect its special treaty positions while providing for defense. They were likewise unanimous in the belief that France will be of little assistance in such a project, but that in view of the French position elsewhere, France must be consulted on important matters.

In summary, the Conference believed that expansion of the Turk–Pakistani pact offered a feasible method of setting up a regional defense organization, that progress might be slow, but that none of the obstacles now discernible by their nature preclude achievement of the project.

No. 213

Editorial Note

On May 19, 1954, final agreement between the United States and Pakistan regarding United States military assistance to Pakistan was reached. For text of the Mutual Assistance Agreement signed at Karachi on that date, see 5 UST 852. The agreement entered into force immediately.

No. 214

780.5/6-1554: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

SECRET ANKARA, June 15, 1954—3 p. m.

1334. Prime Minister asked me to meet him last night to discuss progress of events in this country since his return from US a week ago. [2] There were present also Deputy Prime Minister Zorlu, the Foreign Minister and the acting Secretary General of the Foreign Office Dr. Birgi. Foreign affairs portion of discussions developed along following lines:

Conversations with Pakistanis. Prime Minister expressed pleasure with conversations he held with Prime Minister of Pakistan during his short visit to Turkey last week. He said there was a complete meeting of minds on objectives of Turkish-Pakistan agreement and tactics to be employed to press Iraqis and Iranians into the agreement. With respect to the Iraqis, Prime Minister of Pakistan agreed with him that course of Iraqi Government is ambiguous, uncertain and irresponsible. They say one thing to Americans, another thing to Pakistanis, a third to Turks and fourth to Arab League. They agreed that pressure must be applied to Iraq but they should await the formation of the new government of Iraq and then tell them in no uncertain terms that Iraq must fish or cut bait. It was agreed Turks would take initiative and Prime Minister has already seen Iraqi Ambassador on this matter.

With respect to implementation of Turkish-Pakistan agreement, the two Prime Ministers arranged for two study groups to be designated immediately and have exchanges of information and planning between the two general staffs. Menderes was very pleased about Mohammed Ali's expressed willingness to make Pakistan military units available for an expeditionary force should events require more positive support of the Iraqis and Iranians after these two countries have joined the agreement and have expressed their willingness to have outside assistance in event of aggression.

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[1] Repeated to Karachi, Baghdad, Tehran, Jidda, Cairo, Damascus, Beirut, Tel Aviv, and Amman; transmitted in two sections.

[2] Documentation is scheduled for publication in volume VIII.

Prime Minister explained to Pakistanis Turkey's attitude toward Israel and the Arab League as well as Turkey's relationship to Egypt. With respect to Israel the fact that Turkey is discouraging Israelis from joining pact should be considered as positive action by all of Arab states. At same time Turkey is not disposed to take any anti-Israel action. Pakistan Prime Minister said he understood Turkish position and is prepared to go along with it.

In case of Iran, Prime Ministers of Turkey and Pakistan agreed they should present a common front and encourage attitudes in Iran favorable to adherence to agreement. They should each give positive evidence of their interest and sympathy in solution of Iranian oil problem as a major economic necessity before Iranians would be in position to develop their armed forces. Pakistanis agreed to keep their mission in Iran currently informed. It was also agreed that Turkish Ambassador and his Pakistan colleague in Tehran should consult informally and continuously to give all possible support to Shah and Zahedi government. As proof of Turks desire to move promptly and affirmatively with Iranians, Foreign Minister and later Prime Minister have had conversations with Iranian Ambassador in Ankara.

Menderes believes visit of Pakistan Prime Minister has been most useful in bringing about a meeting of minds and a formulation of their plans both militarily and politically to present a common front in applying pressure to Iraq and Iran to join their agreement.

Iran: Prime Minister said a recent denunciation of the Saadabad pact by Secretary General of Iranian Foreign Office as being no longer effective provided a suitable occasion to initiate conversations with Iranian Ambassador. Turkish Foreign Minister called in Iranian Minister and Turkish Ambassador in Tehran also called on Foreign Minister. Turkish Prime Minister saw Iranian Ambassador in Ankara who stated that Secretary General of Iranian Foreign Office had acted without authority or knowledge of Iranian Government and that Saadabad pact is still in effect. [3] Prime Minister then went on to express in name his government, his interest in Iran and his desire to be of all possible assistance in promoting well being of Iranian Government and people. He asked Ambassador to express to Shah and Prime Minister Zahedi this expression of the Turkish attitude and desire to be helpful. Iranian Ambassador said that his country's greatest need at the moment was a solution of the oil problem in order to provide revenues for restoration of the economy and organization of the country's defense.

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[3] For text of the Treaty of Nonaggression (Saadabad Pact), concluded between Afghanistan, Iran, Iraq and Turkey, July 8, 1937, see League of Nations Treaty Series, vol. 190 (1938), p. 21.

He said Iran would be most appreciative if Turks could express both to British and Americans their interest in an early solution of the oil problem. Prime Minister then inquired if there were any specific suggestions Ambassador could make along these lines and if not could he ascertain from his government any specific aspects of oil problem still unsolved on which Turks could express interest either to US or Great Britain. Iranian Ambassador said his conversation with Prime Minister was too voluminous for cable but he would write to his Prime Minister by next courier and would not fail to keep Turks informed of progress of petroleum negotiations.

Prime Minister then informed Iranian Ambassador that during visit last week of Pakistan Prime Minister problem of Iran and its situation so exposed to the threats of aggression had engaged their common interest. They were both in agreement that they should seek every opportunity to follow and support Shah and Zahedi Government and to demonstrate to government and people and Iran their interest in their situation and their willingness to do everything possible to promote their well-being.

Prime Minister added that such relatively minor difficulties as border questions between Iran and Pakistan on one side and Iran and Turkey on other are in themselves insignificant and could well be solved informally and directly. Iranian Ambassador expressed his admiration and appreciation of the attitude of Turkish Government and will seek instructions directed towards a closer approachment between the two countries.

Iraq: Prime Minister has not yet asked Iraqi Ambassador to come to see him. However, Iraqi has sought him out to present one aspect of his country's attitude towards Turk-Pakistan agreement and found occasion Turkish reception given by Turkish Government last Thursday to visiting Pakistan delegation to have a conversation. At that time he spoke of difficulties his country faces in terms of its relations with Arab League, its attitude towards Israel, and internal situation of the country which seems ill-conditioned to make a positive decision to identify Iraq with Turkey and Pakistan. Prime Minister replied that he is receiving constantly reports from his Embassy in Baghdad and that he will ask the Iraqi Ambassador to come and see him in next few days to discuss common danger faced by all countries in area and best measures to be taken to meet it. Although he had planned to see the Iraqi immediately after the elections on June 9, he now considers it desirable to postpone conversations with him until new government is seated. Then he intends to tell Iraqis that they face necessity of decision and that there is no longer a place for a negative attitude. Conversation with Iraqis closed last Thursday by Iraqi Ambassador saying they wished to regard Turks as their big brother. Prime Minister replied that his government has no desire to be big brother to anybody, that Turks are alert to dangers that face the whole world and particularly to threat of aggression facing the countries of this area. They feel Iraqi people must be alerted to facts of life and they hope that within the very early future Iraqis will identify themselves with Turks and Paks not as big and little brothers but as close and cooperative members of the new axis. He will be seeing Iraqi within the next two weeks.

Egypt: During his conversations with Pakistan Prime Minister, Menderes discussed position of Egypt and Egyptian attitude towards Pakistan and Turkey. He said Egyptians feel themselves challenged as leaders of Arab League and their attitude towards the Paks is almost as critical as it is towards Turks. Egyptian press has engaged in last few days in an attack on Prime Minister Menderes and in denouncing Turk-Pak agreement as an instrument calculated to destroy the Arab League. Since Egyptian press is now controlled and may be understood to reflect views of Egyptian Government, Prime Minister had Egyptian Chargé Affaires called to Foreign Office and told these attacks must cease. If they do not, Egyptian was warned that Turks will consider reprisal action and this would not be in the interest of maintaining good relations between the two countries that are so necessary in this area.

WARREN

No. 215

INR-NIE files[1]

National Intelligence Estimate[2]

SECRET
NIE 30–54

WASHINGTON, June 22, 1954.

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[1] Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates, retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

[2] National Intelligence Estimates (NIEs) were high-level interdepartmental reports presenting authoritative appraisals of vital foreign policy problems. NIEs were drafted by officers from those agencies represented on the Intelligence Advisory *Continued*

PROSPECTS FOR CREATION OF A MIDDLE EAST DEFENSE GROUPING AND PROBABLE CONSEQUENCES OF SUCH A DEVELOPMENT [3]

THE PROBLEM

To examine, with special reference to the "northern tier" [4] approach, the problems likely to be encountered in the development of a Middle East defense grouping, and to estimate: (a) the prospects for adherence of other states to a loose grouping based on the Turk-Pakistani agreement; (b) the probable political and military consequences of such a development; and (c) the probable reactions of other countries.

SCOPE

This estimate focuses primarily on the prospects for creation of a loose Middle East defense grouping through a "northern tier" approach. This would involve initially adherence of Iraq and Iran to the US-sponsored Turk-Pakistani agreement. At a later date, it might involve the adherence of other Middle Eastern states, and possible eventual expansion of such a grouping into a formal regional defense organization. We recognize, however, that various factors such as US or UK policy, the attitudes of various Middle East states, or the Soviet reaction might dictate alternative approaches to meet individual country problems as they arise. For example, some Middle East states might be unwilling to adhere to the Turk–Pakistani agreement but might be willing, in return for US aid, to cooperate in regional defense through a grouping of their own or some form of bilateral relationship with the US and/or UK. We briefly assess some of these alternatives.

The military portions of this estimate concern themselves primarily with the defense problems within the area extending from

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Committee (IAC), discussed and revised by interdepartmental working groups coordinated by the Office of National Estimates of the Central Intelligence Agency (CIA), approved by the IAC, and circulated under the aegis of the CIA to the President, appropriate officers of Cabinet level, and the National Security Council. The Department of State provided all political and some economic sections of NIEs.

[3] According to a note on the cover sheet, the Estimate was "submitted by the Director of Central Intelligence. The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff. Concurred in by the Intelligence Advisory Committee on June 22, 1954. Concurring were the Special Assistant, Intelligence, Department of State; the Assistant Chief of Staff, G–2, Department of the Army; the Director of Naval Intelligence; the Director of Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff. The Director of Intelligence, AEC, and the Assistant to the Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction."

[4] The "northern tier" states are Turkey, Pakistan, Iraq, and Iran. [Footnote in the source text.]

the Suez Canal and the Southeast Turkish border to the western border of Pakistan. We do not consider the problems of defense of Turkey against attack from the north, which is a NATO responsibility, nor the defense of the lines of communication into the area.

CONCLUSIONS

1. The Turk-Pakistani agreement provides a new basis for development of a Western-oriented defense grouping in the Middle East avoiding some of the problems which defeated the two previous efforts in this direction. Although formidable obstacles still remain to be overcome, a regional grouping based on the Turk–Pakistani agreement would be less subject to the stigma of being under direct Western control than were the Middle East Command and Middle East Defense Organization. The desire for US military and economic aid is probably the most powerful inducement to enter into such an arrangement, and the willingness of individual states to join will depend largely on the nature, scale, and terms of the US aid offered them.

2. An important obstacle to the adherence of any Arab state to the Turk–Pakistani agreement is Egypt's opposition prior to a Suez settlement. If a satisfactory Suez agreement can be reached, Egypt will in fact be involved in regional defense and much of its opposition to Western-supported regional defense arrangements will be undercut. Under these circumstances we believe that Iraq would adhere to the Turk–Pakistani agreement and the way would be paved for the adherence of other Arab states. Egypt, conscious that it might be unable to play a key role in a scheme based on the Turk-Pakistani agreement, would probably prefer some other form of peacetime defense association with the West. However, it might be willing to adhere to the agreement if necessary to secure substantial US aid.

3. Even if there is no Suez settlement, Iraq probably would be willing to adhere to the Turk-Pakistani agreement in the face of opposition from Egypt alone. Such a move would raise a critical issue among the Arab states, but some might still follow the Iraqi lead. Iraq would probably not adhere if it thereby incurred a grave risk of general opposition from the other Arab states and increased internal opposition.

4. Iran's adherence to the Turk-Pakistani agreement is unlikely at any early date. However, it might eventually join an established regional defense grouping if: (a) the oil dispute had been resolved; (b) Iran's leadership had confirmed its ability to hold extremist anti-Western elements in check; and (c) Iran's military strength had been substantially increased with US aid.

5. The immediate effects of a loose regional defense grouping based on the Turk-Pakistani agreement and backed by US military aid programs would be primarily political and psychological rather then military. Creation of such a grouping would: (a) tend to create a favorable climate for development of greater awareness of the Soviet threat and closer regional defense cooperation; (b) possibly encourage participating states to cooperate more closely on other matters, both with the Western allies and among themselves; and (c) strengthen the position of Western-oriented elements in participating countries. However, such developments would not materially affect the internal weaknesses which have thus far undermined Middle East strength and stability, and would by no means eliminate the tensions and fears which have thus far alienated much of the area from the West.

6. Such a loose grouping would not per se result in any significant reduction of the area's military vulnerability. However, together with US military aid programs, it would create greater opportunities than in the past for reducing existing Middle East defense deficiencies. The requirements for outside ground forces might eventually be significantly reduced. However, achievement of even this limited goal would be a long and costly operation, involving considerable training and equipment over a period of years, and effective Middle East defense will continue to depend for the foreseeable future on substantial Western force contributions.

7. Creation of a regional defense grouping would also facilitate eventual development of a formal defense organization with some form of direct US-UK participation. However, serious political difficulties arising from intraregional rivalries and distrust of Western participation would first have to be overcome.

8. Finally creation of even a loose regional defense grouping and related US aid programs would encourage development of a more favorable atmosphere for at least some working arrangements for Western base and operating rights. However, most states would remain reluctant to countenance peacetime US-UK base rights and would probably demand that such facilities remain under their control. Should the US push too fast or too far for commitments, it might jeopardize overall progress toward defense cooperation.

9. US arming of the Arabs and efforts to associate them with a regional grouping would arouse strong Israeli opposition and to that extent increase Arab-Israeli tensions. There would be increased danger of renewal of the Palestine war unless suitable precautions were taken to discourage Israeli aggression and possible future Arab military adventurism. Israel will press for US arms aid to counter such aid to the Arab states.

10. While further US moves in support of the "northern tier" concept would in some degree increase US-Indian tensions, it is unlikely that an open rift would develop between India and the US as a result of this factor alone. Should Pakistan be materially strengthened as a result of US aid, India also would seek to build up its own forces. In any event, it is extremely unlikely that India would move significantly closer to the Soviet Bloc.

11. The USSR will attempt to counteract US efforts to build a defense grouping in the Middle East, particularly if US bases are involved. The USSR would increase its political warfare activities in the Middle East and might exert pressure on such vulnerable points as Iran and Afghanistan. We believe, however, that the USSR would not feel itself sufficiently threatened to undertake major retaliatory actions such as invasion of either of these states.

[Here follows discussion of the reasons for reaching the above conclusions. These included a brief history earlier efforts to develop a Middle East regional defense organization; the factors operating to the advantage and disadvantage of a regional defense grouping based on the Turkish-Pakistan agreement; the prospects for adherence of other Middle East states to that agreement; the political and military consequences of the creation of a loose Middle East defense grouping; the probable reactions of other interested countries; and the consequences of the failure of current efforts to create a Middle East defense grouping.]

No. 216

780.5/6–2354: Telegram

The Chargé in Pakistan (Emmerson) to the Department of State [1]

SECRET KARACHI, June 23, 1954—1 p. m.

1065. Prime Minister asked me call yesterday evening, showed me letter from UK HICOM proposing GOP send one representative from each Pakistan armed service to UK for general talks on Middle East defense with particular emphasis on shipping. Letter stated these talks were envisaged as continuing very close and frank discussions started between British chiefs of staff and General Iskander Mirza during latter's sojourn London. UK HICOM stated commitments would grow out of talks and he felt sure there be no objection from Americans. Letter referred to document on shipping provided by UK but which Prime Minister stated he has not received.

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[1] Repeated to London.

Prime Minister said in view close United States-Pakistan relationship he did not wish reply British request before consulting us. In general he favorably inclined proposal, believes British could be particularly helpful with respect shipping since in case Pakistan were to make defense contribution it would be completely dependent on outside help for sea transportation. Prime Minister said, however, he did not wish any conflict between talks with British and United States military aid program. I expressed agreement latter point of view. said would be unfortunate if there were lack coordination on military discussions held with UK and with United States. Stated would seek Department reaction and advise him soonest. Prime Minister requested reply soon as possible so he can answer UK request.

UK HICOM has not discussed this matter with Embassy, but United States Army Attaché learned from his British opposite that British Chiefs of Staff felt they making useful progress in discussion with Mirza at time his recall for East Pakistan assignment.

Although UK HICOM stated no commitments involved in discussions seems clear they will have to be conducted on basis certain agreed assumptions, and they certain to crystallize Pakistan thinking to some extent. Mission of United States MAAG Pakistan [2] might thus be complicated from outset by existence of tacit UK-Pakistan understanding not completely consistent with United States objectives. In Embassy's view these considerations underline desirability early United States-UK staff talks aimed at developing agreed position on Middle East defense as preliminary to widening discussion to include Pakistan and Turkey.

If Department and Defense consider it desirable, Embassy believes we could reasonably request Pakistan's defer discussion with UK until United States MAAG established and has had opportunity review proposed initial aid program with Pakistanis. Appears also reasonable line for Pakistanis to take with British. On assumption that United States-UK staff talks will take place this summer, prior opportunity would thus be provided to work out agreed United States-UK position and minimize possible conflict of interests in Pakistan.

If United States-United Kingdom talks not to take place within next few months, Department may wish handle on some other basis. In any event, Embassy would appreciate prompt advice as to reply to make to Prime Minister.

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[2] For documentation on the development of the U.S. military assistance program in Pakistan, see vol. XI, Part 2, pp. 1818 ff.

EMMERSON

No. 217

780.5/6-2354: Telegram

The Secretary of State to the Embassy in Pakistan [1]

SECRET WASHINGTON, June 28, 1954—5:03 p. m.

1138. Re Embtel 1065. [2] You may inform Prime Minister we appreciate fact US consulted prior Pakistan reply British suggestion regarding resumption general UK-Pak conversations re Middle East defense. While US would not wish interpose objection resumption talks initiated with Mirza we would strongly hope Pakistan authorities would treat as tentative any views exchanged or interim conclusions reached. We would also appreciate being informed nature of talks and views exchanged. We consider period time will be required following arrival MAAG before careful analysis numerous problems directly or indirectly affecting military posture Pakistan and Pakistan's contribution to Middle East defense can be completed.

FYI only. We recognize from US point view further evolution our own thinking regarding Middle East defense required. We are keenly aware necessity early US–UK exchange views regarding Middle East defense but inasmuch as we cannot predict exactly when such conversations will have been completed and when we will be prepared enter detailed substantive discussions this subject with Pakistanis we consider it unwise actively discourage inclination Pakistan authorities accept present UK proposal.

DULLES

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[1] Drafted by Anschuetz and cleared by BNA, SOA, and OFMA and JCS of Defense. Repeated to London.

[2] *Supra.*

No. 218

682.90D/7-1254

Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern Affairs (Dorsey)

SECRET WASHINGTON, July 12, 1954.[1]

Subject: Turkey-Pakistan Pact and Military Aid for Iraq; Iraq-Syria Confederation.

Participants: Dr. Fadhil Jamali, Foreign Minister of Iraq
Musa Shabandar, Ambassador of Iraq
The Secretary
NE—Mr. Dorsey

After greeting Dr. Jamali, the Secretary expressed his satisfaction at the current status of American-Iraq relations, with particular emphasis on the recent arms agreement.[2] He remarked that we had concluded the agreement with the understanding that the military support of Iraq would not be used against Israel; and he emphasized the importance the U.S. placed on the northern tier defense concept, and our hope that Iraq would soon move toward association with the Turk-Pakistan Pact.

Dr. Jamali replied by referring to Iraq's long leadership in the defense of the Middle East against Communism; and he assured the Secretary that Iraq would not attack Israel unless she was attacked. Iraq, however, desired assurance that the U.S. would not allow and would punish aggression by Israel. Regarding the regional defense organization, Dr. Jamali said that the Iraqis hoped that through association with Turkey, Pakistan, and Iraq [*Iran*?] they may not only cooperate in the defense of the area against the danger from the north, but that they may see a change in the atmosphere of Turkey's association with Israel. They hoped that Turkey would cease being "partial" to Israel. He said that the Iraq government's problem was that of carrying its people with it in pro-Western moves such as the arms aid program and regional defense. He asked that initial shipment of US military equipment arrive in Iraq at the earliest practicable date in quantities which his countrymen would view as impressive and which they might readily identify as a U.S. contribution.

Dr. Jamali said he wished to bring to the Secretary's attention the movement for confederation of Iraq, Syria and Jordan,[3] a

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[1] Prepared on July 15.

[2] For documentation on the arms agreement, see Documents 1376 ff.

[3] For additional documentation on this topic, see Documents 381 ff.

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project which he hoped the U.S. Government would support. He described preliminary talks which he had recently had with certain Syrian leaders regarding Iraqi-Syrian confederation. The Syrian reception of the idea had been most favorable provided that they could obtain "a green light from the U.S.". If the U.S. grants such approval, he said, they promised that they are ready to become a part of the area defense system. Touching on the political instability of Syria, and the economic difficulties of Jordan, he stressed his belief that any successful steps towards unification would be good for the stability of the Middle East. The people are actually one from the point of view of race, culture and religion, and their unification in the field of economics, politics and defense would be a tremendous step towards the solidification and pacification of the Middle East. Based on careful calculations this confederation could provide 12 armed divisions for the defense of the area. Dr. Jamali asked the Secretary to consider the matter and let him have his reactions in as positive a sense as possible.

The Secretary replied that we would not wish to obstruct the peaceful will of the people concerned if they wished to take such steps. However, he saw certain difficulties. If Iraq joins with Syria and Jordan it will be associated with two countries which have common borders with Israel and the problems resulting therefrom. The Israeli problem would be further complicated by such action, and Iraq would become directly involved in the Jordan-Israel border problem. Dr. Jamali said that the adherence of Jordan, which involved special problems, to the confederation could be deferred. He stressed the economic aspects of Iraqi-Syrian confederation and pointed out Iraq's need for access to the Mediterranean and a united approach to the development of the Euphrates. Syria, on the other hand, needs the Iraq market for her products and her financial assistance and development. Reiterating that he would not oppose confederation if the peoples involved wished to undertake it peaceably, the Secretary said he would study the problem, although he could not say that it filled him with enthusiasm.

Dr. Jamali mentioned his hope that the U.S. would establish an educational institution in Iraq, saying that he had been assured that the Department would investigate the possibility of interesting the Rockefeller Foundation in the project. The Secretary said he would have the matter looked into.

No. 219

S/S-NSC files, lot 63 D 351, "NSC 155 Memoranda"

Statement of Policy by the National Security Council [1]

TOP SECRET
NSC 5428

WASHINGTON, July 23, 1954.

UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO THE NEAR EAST [*]

GENERAL CONSIDERATIONS

1. The Near East is of great strategic, political and economic importance to the free world. The area contains the greatest petroleum resources in the world; essential locations for strategic military bases in any world conflict against Communism; the Suez Canal; and natural defensive barriers. It also contains Holy Places of the Christian, Jewish, and Moslem worlds, and thereby exerts religious and cultural influences affecting people everywhere. The security interests of the United States would be critically endangered if the Near East should fall under Soviet influence or control.

2. Current conditions and trends in the Near East are inimical to Western interests. During recent years the prestige and position of the West have declined. The nations of the Near East are determined to assert their independence and are suspicious of outside interest in their affairs. In particular, the influence of the United Kingdom has been weakened, with distrust and hatred replacing

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[1] A note by Executive Secretary of the NSC Lay stating that the National Security Council, the Secretary of the Treasury, and the Director of the Bureau of the Budget had adopted NSC 5428 at the 207th meeting of the NSC on July 22, is not printed. The note further stated that the President directed the implementation of NSC 5428 by all appropriate executive departments and agencies of the U.S. Government and designated the Operations Coordinating Board as the coordinating agency.

NSC 5428 was composed of the statement of policy in NSC 155/1 (Document 145) and the statement of policy supplementary to NSC 155/1 contained in a memorandum for the NSC from Lay, dated July 6 (S/P-NSC (Memoranda), lot 61 D 167 "Near East (NSC 5428)"); amended by the Council in NSC Action No. 1184, July 22 (S/S-NSC files, lot 66 D 95, "Record of Actions by the NSC, 1954"). Neither the July 6 memorandum nor NSC Action No. 1184 is printed, but their substance is indicated in footnotes below.

A Financial Appendix, an NSC Staff Study, and a map of the Middle East were enclosed with the source text; none is printed.

[*] Includes Egypt, Yemen, Jordan, Saudi Arabia, Lebanon, Syria, Iraq, Israel, Anglo-Egyptian Sudan, the Arabian Peninsula Sheikdoms. Iran, the subject of a separate policy statement (NSC 5402), is not included. This paper takes into account the importance of Turkey and Pakistan to the Near East, particularly as regards defense of the area, but does not attempt full coverage of U.S. policies toward Turkey and Pakistan, which are included in other NSC reports (NSC 5402, NSC 109, and NSC 5409). [Footnote in the source text.]

the former colonial subservience. France is also disliked and distrusted because of her refusal to free Morocco and Tunisia and because of her former role as a mandate power in Syria and Lebanon. Some of the distrust of the United Kingdom and France has devolved upon the United States, as an ally of both. Even more important, the Arab nations are incensed by what they believe to be our pro-Israel policy. In addition, acute political and economic instability; military weakness; widespread unrest, Arab-Israel tensions, the UK controversies with Egypt, Iran and Saudi Arabia; the French North African problem; and the Soviet activity are also unfavorable to the West.

3. In the Near East the current danger to the security of the free world arises not so much from the threat of direct Soviet military attack as from a continuation of the present unfavorable trends. Unless these trends are reversed, the Near East may well be lost to the West within the next few years.

4. Efforts to prevent the loss of the Near East will require increasing responsibility, initiative, and leadership by the United States in the area. Even though British and French influence in the Near East has declined, the UK retains substantial interest, experience, and security positions, so that the United States will need to act in concert with the United Kingdom to the greatest extent practicable, while reserving the right to act with others (e.g., France and Turkey) or alone. It is important to the settlement of outstanding political disputes that the United States convince the Arab states that it is capable of acting independently of other Western states and of Israel.

5. The rate of economic growth and distribution of its benefits are among the important factors affecting internal stability, popular and leadership attitudes toward the Free World and Communism, and the maintenance of governments free of Communist control or influence. It is in U.S. interests to help guide the social and economic pressures for revolutionary change into channels leading to healthy economic growth while maintaining and improving political stability.[2]

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[2] Paragraph 5 was recommended in the July 6 memorandum for the NSC from the Executive Secretary and added in the final text.

The July 6 memorandum had four parts. The cover sheet was the actual memorandum by Lay for the NSC, and there were three enclosures to it. The first two enclosures, the Proposed Amendments to the Statement of Policy in NSC 155/1 and a Supplementary Statement of Policy on the Arab-Israel Problem had been prepared by the NSC Planning Board on the basis of an initial draft by the Department of State. The third enclosure, Proposed Amendments to the Staff Study in NSC 155/1, was not attached to the July 6 memorandum found in Department of State files. There was a copy attached to another memorandum by Lay to the NSC Planning Board, dated June 29. (S/P-NSC (Memoranda), lot 61 D 167, "Near East (NSC 5428)").

6. a. An increase in military training and strength in the Near East would help to induce internal stability and political orientation towards the West, and may instill in the local peoples confidence in their ability to help protect themselves.

b. The best prospect for creating an indigenous regional defense arrangement in the Near East lies in the concept of the "northern tier", which would include Turkey, Pakistan, Iran and Iraq. The Turkish-Pakistan Pact is the first step in this direction. † Greater strength may be obtained in the initial stages by limiting the defense arrangements to the four states named. The concept has aroused resentment on the part of certain Arab states, especially Egypt and Saudi Arabia, but may provoke a desirable pull away from the negative Arab League.

c. The immediate effects of a regional defense arrangement may be expected to be primarily political and psychological rather than military. Such a grouping should strengthen Western-oriented elements and tend to bring about greater awareness of the Soviet threat and greater willingness to cooperate both regionally and with the West. However, it would not, in itself, materially affect the internal weaknesses which have thus far undermined Near East strength and stability.

d. Militarily, a regional defense arrangement together with U.S. military aid programs, may permit the eventual significant reduction of the requirement for outside ground forces. However, achievement of even this limited goal would be a long and costly operation, and effective Near East defense will continue to depend for the foreseeable future on substantial Western force contributions.

e. The indigenous nature of the organization is an essential feature. The creation of strength and self-reliance, regardless of whether any formal link to the West is established at this time, will be an important impediment to Soviet cold-war activities, including subversion. Until progress can be made in settling present disputes between the British, French and Arabs and until Arab resentment toward the West arising from the creation of Israel can be reduced, there is little possibility of including both the Arab states and the West (except Turkey) in a formal defense organization.

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† The key security provisions of the Pact are:

Article 2. "The contracting parties will consult on international matters of mutual interest and, taking into account international requirements and conditions, cooperate between themselves to the maximum extent."

Article 4. "The consultation and cooperation between the contracting parties in the field of defense shall cover the following points:

A. Exchange of information for the purpose of deriving benefit jointly from technical experience and progress.

B. Endeavors to meet, as far as possible, the requirements of the parties in the production of arms and ammunition.

C. Studies and determination of the ways and extent of cooperation which might be effected between them in accordance with Article 51 of the Charter of the United Nations, should an unprovoked attack occur against them from outside." [Footnote in the source text.]

f. Adherence of Iraq and Iran will require an improvement in the political climate in these states. In addition, the support of the British will be an important factor in determining the success of the "northern tier" concept. Efforts should be made to overcome the doubts now held by the UK, particularly regarding the inclusion of Iran.

g. U.S. military equipment available to strengthen the area should be channeled primarily to the "northern tier" states, and when appropriate to Egypt, which offer the best prospect of creating real strength. A large flaccid grouping, each member of which receives a nominal amount of military aid, will provide neither military strength nor political attraction.

h. Military aid plans must take into account the economic capabilities of the states receiving such aid. A rapid military build-up, even in selected countries, might have damaging economic and political effects.

i. Inclusion of Israel at this time would result in Arab refusal to cooperate. Moreover, U.S. arming of the Arabs and efforts toward a regional grouping would continue to arouse sharp Israel opposition and increase Arab–Israel tensions. Because of the present preponderance of Israel's military strength, arms aid to the Arab states would not materially change the power relationship for a considerable period, but adequate safeguards are desirable to prevent misuse in the future and justified concern by Israel. If these dangers can be met, successful development of the security arrangements should in the long run exert a helpful effect on the Arab–Israel problems. [3]

OBJECTIVES

7. Availability to the United States and its allies of the resources, the strategic positions, and the passage rights of the area, and the denial of such resources and strategic positions to the Soviet bloc.

8. Stable, viable, friendly governments in the area, capable of withstanding communist-inspired subversion from within, and willing to resist communist aggression.

9. Settlement of major issues between the Arab states and Israel as a foundation for establishing peace and order in the area.

10. Reversal of the anti-American trends of Arab opinion.

11. Prevention of the extension of Soviet influence in the area.

12. Wider recognition in the free world of the legitimate aspirations of the countries in the area to be recognized as, and have the status of, sovereign states, and wider recognition by such countries of their responsibility toward the area and toward the free world generally.

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[3] This entire section 6, paragraphs a to i, was recommended in the July 6 memorandum and added in the final text.

GENERAL COURSES OF ACTION

13. The United States should:

a. Assume an increased share of responsibility toward the area, acting in concert with the United Kingdom to the greatest extent practicable, but reserving the right to act with others or alone.

b. Capitalize on such elements of strength as remain to the British in the area by such support of United Kingdom positions as may be consistent with U.S. principles and policy objectives.

c. Win the Arab states to a belief that we sympathize with their legitimate aspirations and respect their interests.

d. Increase its efforts to achieve a settlement of the political differences among the states of the area, and between them and the Western nations.

e. Seek to guide the revolutionary and nationalistic pressures throughout the area into orderly channels not antagonistic to the West, rather than attempt merely to preserve the *status quo.*

f. Stimulate measures of self-help, encourage the expansion of private investment, and provide somewhat increased economic and technical assistance.

g. Render limited military assistance.

h. Encourage the development of indigenous regional defense arrangements which will increase the stability and strengthen the security of the area. Be prepared eventually to participate in such arrangements, when the political climate in the area makes this practicable. [4]

i. Support leadership groups which offer the best prospect of orderly progress towards free world objectives. Seek to increase the participation of intellectuals in Western-oriented activities.

j. Make clear to the nations in the area the basically hostile intentions of the Soviet regime.

k. Strengthen cultural, educational and information programs.

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SPECIFIC COURSES OF ACTION

14. a. *Saudi Arabia.* The United States should strengthen its special position with respect to Saudi Arabia to an extent compatible with general U.S. policies in the area.

b. The United States should take all appropriate measures to bring about the cancellation of the agreement between the Saudi Arabian Government and Onassis for the transport of Saudi Arabian-produced oil and, in any case, to make the agreement ineffective. [5]

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[4] All of paragraphs h, k, and l, and the second sentence of paragraph i, were recommended in the July 6 memorandum.

A memorandum by Dorsey to Byroade, July 8, entitled Supplement and Amendments to NSC 155/1, stated that paragraph 1 had been added at the request of the CIA, and that it was a standard paragraph now appearing in NSC papers. (S/P–NSC (Memoranda), lot 61 D 167, "Near East (NSC 5428)").

15. *Arab-Israel Tension* [‡]

16. *Egypt.* The United States should:

a. In concert with the United Kingdom and Egypt, seek an early negotiated settlement of the Suez Canal base and related defense questions. Such a settlement should provide for withdrawal of British forces, but under conditions to insure the continued maintenance of the base and its availability to the Western Powers in the event of hostilities or grave threat thereof.

b. Take such steps, and secure the necessary commitments, as to best insure that the Suez Canal remains open to international trade.

c. As progress in reaching an Anglo-Egyptian settlement warrants, extend economic and military assistance to Egypt.

17. *Area Defense.* The U.S. should:

a. Develop secretly plans for the defense of the area with the UK, Turkey, and such others as may be desirable.

b. Conduct secret military-political conversations in the near future with the UK regarding development of the "northern tier" concept as an indigenous movement, not linked formally at this time with the Western Powers or with Western defense organizations except through the participation of Turkey.

c. Encourage when appropriate the adherence of Iraq and Iran to the Turkish-Pakistan Pact, avoiding pressure but endeavoring to create political conditions which will make adherence possible and attractive.

d. Associate Egypt with the defense arrangements should she so request, and make clear to her that the "northern tier" concept does not derogate from the importance the U.S. attaches to strengthening Egypt. Neither encourage nor discourage other Arab states from asking to participate in regional security arrangements. In order to avoid creating harmful friction, treat sympathetically any overtures made, but bear in mind the importance of maintaining the indigenous nature of the organization and the desirability of concentrating available U.S. military assistance. Pending the settlement of Arab–Israel tensions, refrain from supporting requests from Israel to join such defense arrangements.

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[5] Two versions of this paragraph were included in the July 6 memorandum. The substitute draft proposed by the Department of State read: "The United States should continue to take steps to insure that the lifting and transport of Saudi Arabian oil for the United States armed forces by ships controlled or owned by the United States Government will remain unaffected by any restrictive agreement the Saudi Arabian Government may make for the shipment of Saudi Arabian oil." The draft proposed by the Department of Defense read: "The United States should obtain assurances from the Saudi Arabian Government that no agreement concluded by that government for the transport of Saudi Arabian-produced oil will interfere in any way with present or future arrangements for lifting of oil for the U.S. Armed Forces in ships controlled or owned by the U.S. Government." The paragraph in the source text is that adopted in NSC Action No. 1184 on July 22.

[‡] A detailed, supplementary statement of policy on the Arab-Israeli problem is attached. [Footnote in the source text.]

e. Continue military aid to the states forming the "northern tier" (Turkey, Pakistan, Iran and Iraq) and undertake military assistance to Egypt when developments regarding the Suez Base warrant it. Render military assistance at an appropriate later date to other Arab states depending on (1) their willingness to contribute to regional defense arrangements, (2) the effectiveness for such assistance in creating political and military strength, (3) the status of the Arab-Israel conflict. In addition, military assistance may be provided where it may be necessary to further specific U.S. security interests such as transit and base rights. Control the scope, character and phasing of military assistance to minimize the possibility of its use for aggressive purposes; and furnish military aid only after receiving appropriate guarantees against its use for aggression. Consider the politico-economic situation in plans for military build-up which might require appropriate measures to prevent damaging political and economic effects.

f. When politically feasible, seek to obtain transit and base rights where required within the area, and, upon the threat of and during general hostilities, the right to operate forces in the territories of the various nations of the area.

g. If formal U.S. commitments with respect to the regional defense arrangements, or association of the arrangement with other defense organizations of the Western Powers, should appear desirable, appropriate proposals should be submitted for Council consideration. [6]

18. *Economic Aid.* The United States should:

a. Give somewhat increased economic aid so as to provide a base for necessary economic development, encourage the concept of self-help and mutual cooperation, and contribute to the settlement of disputes in the area. Maintain flexibility in the use of available funds on a regional basis so as to take advantage of changing developments in an unstable area.

b. Encourage Near Eastern governments to recognize that the bulk of the capital required for their economic development can best be supplied by private enterprise and public banking facilities, and that their own self-interest requires the creation of a climate which will attract private investment.

c. Continue to provide limited financial assistance towards the settlement of the Arab refugee problem.

d. Continue limited technical assistance with emphasis on increased food production, and better health, education, communications, and transportation. Encourage private foundations and industry to provide technical assistance for the same purposes.

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[6] This entire section 17, paragraphs a to g, was a revision of the original, proposed in the July 6 memorandum. Following this section in the July 6 memorandum was a note stating that the paragraphs in NSC 5402 on Iran and NSC 5409 on South Asia dealing with the security of the area did not conflict with this statement of policy and required no change.

e. Encourage the wise use by each country of its oil royalties to promote a more stable and viable economy. In this regard, consideration should be given to the establishment of an area-wide development fund, in which the West would participate, and through which states having no oil resources might benefit from those who have.

f. Progressively reduce the amount of economic aid furnished to Israel, so as to bring it in to impartial relationship to aid to others in the area.

[Attachment]

SUPPLEMENTARY STATEMENT OF POLICY ON THE ARAB–ISRAEL PROBLEM

GENERAL CONSIDERATIONS

During the past year tensions have increased between the Arab states and Israel, and the Soviet Union has stepped up its activities in the Near East. The point has been reached where new means should be sought to alleviate the situation, not only because of the seriousness of the Arab–Israel problem per se, but in order to preclude the danger of the loss of the Near East by the West.

2. A definitive peace between the Arab states and Israel should continue to be the ultimate objective of the U.S., but it is unrealistic to hope for a permanent settlement in the early future because of presently irreconcilable basic attitudes. The U.S. approach should be gradual and practical.

3. On the Arab side, small-scale infiltration persists on the part of individuals and small groups acting on their own responsibility. There is no evidence of organized military activity by the Arab states acting in concert or by any individual Arab state. On the other hand, the Israel Government, concerned at the failure of its efforts to secure peace on the basis of the *status quo*, appears to be following a deliberate policy of reprisals based on the theory that matters will have to be made worse before they become better. Divided counsels exist within Israel over how far the risk of open warfare should be carried, and danger exists that Israel's present tactics will lead to open fighting either by accident or through deliberate resort to preventive war.

4. Each side is fearful that the other possesses aggressive intentions. The Arabs doubt that the U.S., UK and France will act to restrain Israel and read with foreboding of Israel efforts to stimulate immigration. Israel is alarmed at the recent steps indicative of the U.S. impartial attitude, which Israel interprets as a change from traditional U.S. friendship. Her concern is intensified by the

U.S. program of arms aid to the Arabs, which she fears may diminish her present military superiority, and encourage an eventual Arab attack.

5. Reduction of border tensions and effective assurances to both sides against aggression are prerequisites to progress towards a peaceful settlement. These tasks are beyond the capacity of the parties acting by themselves. Despite continued U.S. support, the UN alone also appears incapable of coping with the problem in view of its loss of prestige in the area and in the face of current Soviet obstructionism. Therefore, the U.S. Government, in association with other powers, is impelled to assume responsibility in developing solutions and ensuring their implementation. The measures taken should be commensurate in scope and firmness with the seriousness of the problem, and should serve: (1) to deter Israel from embarking upon aggression as a preventive measure while she has military superiority; (2) to allay the fears of Israel with respect to the possibility of Arab aggression following a program of arms aid to the Arab countries; (3) to deter the Arab countries from giving serious consideration to aggressive actions against Israel following the receipt of arms. Much of the effectiveness of these measures as a deterrent depends on the extent to which the U.S. is prepared to declare itself openly.

6. To accomplish its objective of bringing the Near East behind the Iron Curtain the USSR is striving to create chaos and to nullify the influence of the Western Powers. Recently concluded trade agreements, industrial fairs, public announcements, and, particularly, actions in the UN, reflect the increased USSR attention to the area. Continuation of the present trend toward consistent and open championship of the Arabs would give the USSR an effective and inexpensive means of improving its position in the area. Should a further deterioration of the security situation occur, the resulting unrest would provide the USSR with manifold opportunities for improving its position. Should Israeli aggression occur and the Western Powers fail to restore the situation, a decisive movement of the area away from the West and possibly into the Soviet sphere of influence must be anticipated.

7. Collaboration with the UK in developing and implementing area policies is important. Although UK influence has declined, Britain retains substantial interests and assets. Of particular significance is the Anglo-Jordanian Defense Treaty, under which Britain has informed Israel she will act in case of any Israel attack on Jordan. While France may be expected to provide little effective help, her association in the Tripartite Declaration of May 1950 suggests assigning her a nominal role if possible without impairing the measures we regard as necessary. Turkey, a member of the Pales-

tine Conciliation Commission, might play a useful role but here effectiveness would be counter-balanced in part by Arab suspicions of Turkish aspirations in the Near East.

8. Progress on the Arab-Israel problem would affect significantly the willingness of states in the area to participate in indigenous collective security arrangements for defense against Soviet aggression. Concomitant development of security arrangements should ultimately serve to place the Arab–Israel question in its proper perspective and diminish the predominant preoccupation of the Arab states with Israel.

OBJECTIVES

(Supplementary to those in the basic paper)

9. *a.* To deter an armed attack by Israel or by the Arab states, and if an armed attack should occur to force the attacking state to relinquish any territory seized.

b. To reduce current Arab–Israel tensions and promote an eventual clear-cut peace between the Arab states and Israel.

c. To alleviate the Arab refugee problem.

COURSES OF ACTION [7]

. . . .

14. Pursue actively, both directly and through the UN, measures to establish tranquility along the Arab–Israel armistice line, working in collaboration to the extent desirable and feasible with the UK and France.

15. Use U.S. influence to secure Arab–Israel boundary settlements, whch may include some concessions by Israel.

16. Cooperate in seeking a fair settlement of the status of Jerusalem and the Holy Places in Palestine, acceptable to the states directly involved and to most nations of the free world.

17. Maintain both the fact and appearance of impartial friendship with the Arab states and Israel, avoiding preferential treatment of any state and demonstrating equal interest in the wellbeing of each.

18. Seek by all appropriate means to secure an agreed and equitable division of the waters of the Jordan river system between Israel and the interested Arab states and the establishment of an

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[7] Although the source text is dated July 23, 1954, each page from paragraphs 10–21 of the Supplementary Statement bears the notation, "Revised 11/2/55". Paragraphs 14–21 of the source text are, however, identical to paragraphs 14–21 of NSC 5428 as approved July 23, 1954, with the exception of two paragraph references in paragraph 20, which were incorrect on the text approved July 23, 1954. The text of paragraphs 14–21 here printed is the text approved July 23, 1954. (JCS files)

international control authority. Take such steps as may be feasible to ensure that neither party prejudices the allocation of the available waters by an international control authority. Link the development of the Jordan Valley to Arab refugee resettlement to the maximum extent practicable.

19. *With respect to Israel:*

a. Take such measures as are feasible to convince the Israelis, and their U.S. supporters, of the inadvisability, from the standpoint of Israel's national interests, (1) of trying to win a better situation in the Near East by force; (2) of resuming large-scale Jewish immigration into Israel; (3) of doctrines implying an intent to dominate the Near East.

b. While progressively reducing the amount of economic aid furnished to Israel, so as to bring it into impartial relationship to aid to others in the area, exert pressure on Israel to adopt the financial measures necessary for progressing as rapidly as possible toward a self-sustaining economy, and continue to assist Israel toward viability.

c. Continue to urge Israel to accept a limited number of Arab refugees and to work out promptly arrangements for the release of blocked Arab funds and for the payment of reasonable compensation to the Arab refugees at an appropriate time, preferably in connection with actual resettlement or repatriation.

20. *With respect to the Arab states:*

a. Attempt to move forward as rapidly as is practicable on the Arab refugee problem by such means as resettlement in the Arab states or outside the Near East. To the extent feasible, work through the UN Relief Works Agency.

b. Continue economic and technical aid in conformity with paras. 17 [*18*]-a, c, and d of the above general policy statement on the Near East, emphasizing projects facilitating the resettlement of Arab refugees.

c. Extend military aid in conformity with par. 16 [*17*]-e of the above general policy statement on the Near East. Inform the Arab states that the U.S. may state publicly that their assurances against aggression are applicable to all countries, including Israel.

d. Work for eventual elimination of the Arab economic boycott of Israel; resist Arab efforts to impose a secondary boycott on U.S. trade with Israel; continue support for the Security Council resolution calling for removal of Egyptian restrictions on Suez Canal traffic to Israel; help to restore normal commercial intercourse, and surface and air transportation between Israel and the Arab states.

e. Make clear to the Arabs that we cannot accept their negative attitude toward proposals involving recognition of the existence of Israel and their refusal to consider the possibility of an eventual settlement. While reminding the Arabs that peace is the ultimate objective, exercise caution lest stress on this goal prevent Arab acceptance of the necessary intermediate steps.

21. In addition to the foregoing, use political, economic, and psychological measures to bring about in the long run a progressive reduction in tension between the Arab states and Israel leading to conditions under which ultimate peace may be secured.

No. 220

Editorial Note

A May 12 memorandum by James S. Lay, Jr., to the National Security Council noted that in response to a request from the Operations Coordinating Board the President had on that day designated it as the coordinating agency for NSC 155/1, the current NSC policy on the Near East. (S/S-NSC files, lot 63 D 351, "NSC 155 Memoranda") A May 18 paper by the Operations Coordinating Board, entitled "Terms of Reference for Working Group on Coordination of NSC 155/1 (Near East)," stated that a working group had been formed to assist the Board in its task. The chairman of the working group was to come from the Department of State. Other members of the group, besides the OCB staff, would be representatives of the Department of State, Department of Defense, Foreign Operations Administration, Central Intelligence Agency, United States Information Agency, and other agencies when appropriate, as determined by the Executive Officer. The first consolidated report, covering the period through June 30, 1954, was to be submitted to the Executive Officer of the Operations Coordinating Board on July 1, with subsequent reports due at least every 6 months after (OCB files, lot 62 D 430, "Near East, 1954-5")

On July 2, a draft Progress Report on NSC 155/1, dated July 1, was submitted by Parker T. Hart, Chairman of the Operations Coordinating Board Working Group on NSC 155/1, to the Executive Officer. A July 7 memorandum by Elmer B. Staats, the Executive Officer, to the National Security Council Board Assistants, transmitted the July 1 Progress Report for consideraton by them at a July 16 meeting. Another draft Progress Report, dated July 16, contained some changes from the July 1 Report, but there was no notation on the document to indicate whether the changes were made as a result of the July 16 Planning Board meeting or not. (OCB files, lot 62 D 430, "Near East, 1954-5")

The final copy of the Progress Report, dated July 29, is printed *infra*.

No. 221

S/S-NSC files, lot 63 D 351, "NSC 155 Memoranda"

Paper Prepared by the Operations Coordinating Board [1]

TOP SECRET WASHINGTON, July 29, 1954.

PROGRESS REPORT ON NSC 155/1 UNITED STATES OBJECTIVES AND POLICIES WITH RESPECT TO THE NEAR EAST

(Policy approved by the President July 11, 1953)

A. SUMMARY OF MAJOR ACTIONS

Major factors limiting the ability of the U.S. to carry out the courses of action specified were the deterioration of the Arab-Israel situation, and the difficulties encountered by the UN in dealing with the problem; lack of progress in resolving disputes between the Arab states and the U.K. and France; and the growing activity of the USSR. Major accomplishments include the Turkish-Pakistan Pact, the military assistance agreement with Iraq, implementation of the U.S. policy of impartiality between the Arab states and Israel, and progress toward securing acceptance of a unified plan for the development of the Jordan River system.

The conclusion of grant military aid agreements with Iraq and Pakistan, as well as U.S. support of the Turkey–Pakistan Mutual Assistance Pact, have been initial contributions to the development of a politico-military climate favorable to the eventual development of a regional defense organization including Western and Middle East powers. The Joint Chiefs of Staff have agreed on objectives for the defense of the Middle East and subsequently have proposed to the British Chief of Staff that it would be profitable at this time to make military planning studies for the defense of the Middle East with the U.K. and Turkey. The Military Services of the United States and the United Kingdom have coordinated their operating requirements in Egypt, Aden and Jordan.

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[1] The source text is part of the record copy of a National Security Council document entitled "Progress Report on United States Objectives and Policies With Respect to the Near East by the Operations Coordinating Board," dated July 30, 1954. Included in the document is a July 30 memorandum by George A. Morgan, Acting Executive Officer of the OCB, to the Executive Officer of the National Security Council, transmitting the report. The Morgan memorandum stated that the report was approved by the Operations Coordinating Board on July 28. It also noted that the amended version of NSC 155/1 had been circulated as NSC 5428 and assigned to the OCB, and that subsequent progress reports would be concerned with the implementation of NSC 5428. Also attached to the Progress Report was an annex entitled "Detailed Development of Major Actions," not printed.

Another copy of the report, found in the OCB files, was attached to a memorandum, dated Sept. 29, 1954, from Staats to the OCB. The memorandum stated that the report was noted and discussed by the NSC on Sept. 2, 1954, in NSC Action No. 1211. (OCB files, lot 62 D 430, "Near East, 1954–[illegible]) The Record of Actions by the National Security Council at its 212th meeting on Sept. 2, merely notes that the NSC noted and discussed the Progress Report. (S/S–NSC files, lot 66 D 95, "Record of Actions by the NSC, 1954")

USIA operates in Egypt, Israel, Jordan, Lebanon, Syria and Iraq. Budget and strategic considerations have decided against the operation of programs in the other countries.

B. POLICY CONSIDERATIONS

In the light of operating experience, these policies in general remain valid; but a draft supplement has been submitted by the Department of State to the NSC treating in greater detail the Arab-Israel problem.

C. EMERGING PROBLEMS AND FUTURE ACTIONS

Two major emerging problems which either singly or in combination demand firmer and more decisive measures to control the situation are: (1) increased USSR activity in the area, and particularly Soviet support of the Arab position versus Israel; and (2) growing Arab–Israel tensions carrying with them real danger of an outbreak of open fighting. Special attention may also be necessary to the Anglo–Egyptian dispute over the Suez Base, and the general deterioration of our relations with Saudi Arabia, particularly the Onassis Agreement.

The immediate objectives of the USSR in the area are to create chaos and to nullify the influence of the Western powers. The recent vetoes cast in the Security Council against resolutions to which the Arabs objected provided the USSR with an effective and inexpensive means of improving its position. Should the USSR consistently support the Arabs in the United Nations, the effectiveness of that organization in dealing with the Arab–Israel problem will be reduced further. Other examples of USSR activity include trade agreements, industrial fairs, stepped up propaganda activities, public statements favorable to the Arabs, and the recent strike at the Aramco installations at Dhahran in which evidence suggests the Communists had a hand.

The recent deterioration in Saudi Arabia–United States relations, while perhaps of a temporary nature, would, if the process were protracted, raise the question whether the Saudi Government intends to renew in 1956 our Air Force Base rights at Dhahran. The increasing demand for money, complicated by misuse and bad administration of funds, will result in redoubling of efforts by the Saudi Government to squeeze Aramco or to come to arrangements with third parties at Aramco's expense. The determination of the courses which should be followed to check and reverse this deterioration in our relations involves the questions of our attitude toward the Onassis Agreement and of the effect on Saudi Arabia of current United States policies towards other states of the area. A thorough study by the Department of State of this matter is in process.

The United States will be required to determine the most appropriate manner in which to pay for military base and other similar rights in the area. A similar problem exists in regard to our bases in North Africa. At present, no direct payment is made for the only base in the Middle East area, the Air Force Base at Dhahran. It is questionable whether paying for base rights by extending economic aid is the most desirable means of concluding future agreements from the point of view of either relations with the states involved or presentation of appropriation requests to the Congress. With respect to Saudi Arabia, the late King [2] preferred not to demand direct payment for base rights in the belief that this would reflect on the dignity of Saudi Arabia and would prevent him from maintaining the fiction that in reality the United States has no base right, but is merely acting as an agent for Saudi Arabia in the operation of a landing field. The late King expected "payments" in terms of general political support by the United States Government.

The United States may find it desirable to urge the United Kingdom to station a portion of the combat forces withdrawn from the Suez Base after an agreement with Egypt in other locations in the Near East which are strategically effective.

In return for continued support of such United Kingdom positions in the area as may be consistent with United States principles and policy objectives, the United States may be required to find means of obtaining greater United Kingdom support of United States political, military and economic objectives in the Near East.

The Saudi Arab Agreement with the A. S. Onassis interests to form a maritime company for shipment of Saudi Arabian oil directly threatens U.S. interests. In addition to the adverse effect on American companies, the future operation of U.S. Government-owned tankers now carrying oil for the U.S. Navy may well be jeopardized. The ultimate solution of this and similar problems is necessarily bound up with future developments in U.S.-Saudi Arab relations.

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[2] Abdul Aziz ibn Saud.

No. 222

Ankara Embassy files, lot 57 F 72, 400, 1953–54

The Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Ambassador in Turkey (Warren)

TOP SECRET OFFICIAL–INFORMAL WASHINGTON, undated.[1]

DEAR MR. AMBASSADOR: Following the Istanbul Conference, we converted the substance of the conference recommendations on area defense and on Arab–Israel issues into NSC papers for Council consideration.[2] Final action was taken on July 22, 1954[3] and the conference conclusions were confirmed in general with one exception. In the Arab–Israel paper, the Council approved taking the three economic steps in case of aggression, but determined that decisions regarding the establishment of a blockade and use of military force should be made at the time of aggression.

It is important that you realize that this exception to the conference recommendations indicates no lack of determination on the part of the United States to take such steps as might be necessary under the circumstances should aggression occur. The action taken indicates rather that no exception can be made to the established principle that decisions within our Government upon the use of force cannot be made prior to actual events and consideration of all the factors of the situation at that time.

I consider that these papers considerably advance United States policy in the Middle East. Copies of the documents will be forwarded to you in accordance with security regulations.

Sincerely yours,

HANK

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[1] An attached cover sheet on the copy of this letter in the Embassy files noted that it had been received on Aug. 10, 1954.

[2] For documentation on the Chiefs of Mission Conference at Istanbul, May 11–14, including the texts of the papers mentioned here, see Documents 210–212 and 824.

[3] See NSC 5428, Document 219.

No. 223

674.87/8-2254: Telegram

The Chargé in Iraq (Ireland) to the Department of State [1]

SECRET BAGHDAD, August 22, 1954—10 a. m.

105. Conversations with Prime Minister Nuri and members of his government indicate that Nuri and Iraqi Government following Iraqi-Egyptian conversations and agreements are moving away from Turk-Pakistan pact and multilateral arrangements involving Pakistan, Great Britain (Embtel 86, August 17, 1954) [2] toward plan invoking Arab Collective Security Pact modified in accordance with Article 51 of the UN charter and expanded to permit membership to non-Arab states. This proposal, given in more detail below, is to be placed before UK and US for their consideration and comments before action by Iraq and Egypt.

As background, Nuri said Egyptians at Sersank had indicated that with signature of Anglo-Egyptian agreement, [3] their hostile attitude toward Iraq and to cooperation of Arab states with west had altered. They now saw merit in cooperation with west and were even ready to work toward it.

Egyptians at Sersank opposed Turk-Pakistan pact as well as multilateral arrangements with Pakistan which Nuri admitted he had in mind (reftel). They argued in particular that Pakistan was neither militarily nor geographically analogous any Arab state. When Egyptians asked for alternative proposal as basis for Arab cooperation with west, Nuri said he had brought forward Arab collective security pact, to be suitably modified to meet spirit of Article 51 of UN charter and to permit membership of non-Arab states as Turkey, Great Britain, Iran and Pakistan and even United States. He said he had been surprised at welcome given his proposal by Egyptians.

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[1] Repeated to Cairo, Ankara, Karachi, London, Amman, Beirut, Damascus, Jidda, Jerusalem, Tehran, and Tripoli. Transmitted in two parts.

[2] Telegram 68 from Baghdad, Aug. 9, reported the Egyptian Minister of National Guidance, Maj. Saleh Salem, was expected to arrive in Baghdad on Aug. 13 with a party of about 20. They planned to visit the King and Crown Prince at Sersank for a few days and then go to Baghdad. (674.87/8-954)

Telegram 86 reported that Nuri intended to review Iraq's foreign policy, not just "Arab policy" with Salem. He intended to propose alteration of the Arab League Collective Security Pact to permit the inclusion of Pakistan, Great Britain, and the United States. If Egypt refused to accept that, Nuri would counter with a proposal that would leave Iraq free to set up a regional defense plan, initially with Pakistan, but later to be expanded to include the Arab States, the United Kingdom, and possibly the United States. (674.87/8-1754)

[3] Regarding the Heads of Agreement between Egypt and the United Kingdom, signed on July 27, 1954, see Document 1348.

Prime Minister said agreement subsequently reached along following lines:

1. ACSP would be modified and expanded along lines given above. Arab states would pledge troops and military support to other Arab states in case of aggression from whatever source. Since Arab public opinion opposed sending troops abroad, they would give only general support to non-Arab states while such states would pledge similar support to Arabs in event aggression. Britain and US might confine themselves to military aid and technical support in peace time and to aid and such forces as were feasible in case of aggression.

2. One function of new pact would be to prepare for peace with Israel in accordance with UN resolutions, not in exact terms of such resolutions but rather in their spirit. If Israel sincerely wanted peace it should show itself in a conciliatory and peace-minded mood. It was entirely a matter of how much Israel really wanted peace. Arabs could not be forced into making peace but Israel could have peace any time it was ready to talk along UN resolution line.

3. This proposal for modified ACSP would be submitted to UK and US for their comment and advice through their embassies in Baghdad by Iraq Government and in Cairo by Egyptian Government Nuri had informed UK Chargé. He was not [*now*?] informing me with request that information be forwarded to Department. Salem would contact Ambassadors Caffery and Stevenson.

Prime Minister said US reaction and comment on following points particularly desired: (a) What was US attitude in general to ACSP suitably modified and expanded to include non-Arab countries: Turkey, Iran, Pakistan, Great Britain and US?

(b) What suggestions could US make as to alterations, deletions, or additions to text of pact to enable it to accomplish this new objective and to win US adherence? Nuri said US draft of desired changes would be most welcome.

(c) Would US adhere to such pact if modified in direction desired by US? He hoped that US would adhere. It would benefit Middle East countries and West and should settle fears of Jewish world concerning peace and safety of Israel.

(d) What was US attitude toward inclusion of France? He believed France should not be asked and hoped that we would not insist. Its influence in Syria and presence in NA [North Africa] were distasteful to all Arabs. If a member it would be continuous source of irritation and trouble.

4. Until comments of US and UK had been received no action would be taken by Iraq or Egypt nor would proposals and comments be communicated to other Arab states.

5. Egypt and Iraq would meet in Cairo September 15 to consider replies of US and UK Governments. [4]

Prime Minister said he hoped US and UK would react favorably. He was supporting the plan because: (1) Objectives of Turkish-Pakistan pact would be achieved more quickly and completely plus advantage of bringing Arab world into Middle East regional defense system immediately, which he understood had been eventual objective of Turkish-Pakistan pact.

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[4] See telegram 358 from Cairo, Document 229.

(2) Plan would accomplish objective of MEDO which West had put forward in 1951 and while Egypt had rejected and other Arab countries had found objectionable, it had merit, which MEDO did not have, of being put forward by Arab states as indigenous plan.

(3) As an indigenous plan it would be difficult for Arab countries to reject, while Turkish-Pakistan pact would be hard to sell Arab peoples and to ratify.

(4) Place of Israel and its reaction had been carefully considered. Nuri thought pact had merit of concentrating attention Arab states on Soviet menance and diverting it from Israel. Israel's position under pact should be better than under MEDO. Pact would be in accordance with Article 51 of UN charter and therefore under watchful eye of UN as well as to non-Arab members. Peace with Israel was considered as integral part of the new arrangement.

Nuri said he wanted to make it clear that in putting forward this scheme he was not abandoning principle of regional defense which lay behind Turkish-Pakistan pact. He was still 100 percent for this principle but he believed that the proposal would have great advantages over existing plans.

When asked what effect he thought proposal would have on Anglo–Iraqi treaty, he said that if Great Britain joined pact, the bilateral treaty would be no longer necessary and could be abandoned. The two air bases would, of course, revert to Iraq but agreements drafted by technicians would regulate their use by Great Britain and all other signatories of the pact.

He thought Great Britain would approve and join new pact. It provided a new basis whereby its relations with Iraq could be firmly established. Great Britain had always valued its influence in the Persian Gulf region and its adherence to pact would restore its influence there as well as among the Arab states.

In conclusion, he again expressed hope that Department would react favorably to the proposal.

Embassy comment follows.[5]

IRELAND

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[5] See telegram 110 from Baghdad, *infra*.

No. 224

674.87/8-2354: Telegram

The Chargé in Iraq (Ireland) to the Department of State [1]

SECRET BAGHDAD, August 23, 1954—4 p. m.

110. Embassy aware that Iraqi-Egyptian proposals regional defense scheme (Embassy's 105, August 22) [2] lack essential details, propose undertakings without indicating how they may be implemented, and give no indication exact degree of agreement between Iraq and Egypt re their firm intentions. Proposals are also disappointing in light of Nuri's previous forthright support for Turkish-Pakistani pact (Embassy's 590, April 5).[3] Nevertheless, proposals have merit of committing Egypt to cooperation with West, of being plan indigenously initiated by countries in area, and of opening prospect accomplishing our policy objectives in this area along lines discussed in NIE 30-54. [4]

Department will, therefore, doubtless wish to give its careful consideration to proposals for these and for additional reasons below:

1. Plan possesses valuable psychological advantages in Arab States because of its indigenous origin.
2. Egypt and Iraq have taken US and UK into their confidence from the beginning. Outright rejection by US could cause high resentment, particularly should UK consider participation.
3. Nuri genuinely wants our ideas on modifications text ACSP. Opportunity thus given US to shape pact and to prevent it at least from having unacceptable features whether or not we adhere. Moreover, Iraqi and Egyptian reaction to our specific suggestions should provide measure of their real willingness to work toward effective regional defense organization.
4. Our presence as member or associate in new grouping would enable us, in company with other non-Arab participants, to restrain and guide Arabs re Israel more effectively than heretofore and should thereby allay fears of Israel.
5. If new pact really provides basis for peace with Israel, attention whole area could then be turned toward Soviet threat. Although Iraqi-Egyptian conditions re peace with Israel as given by Nuri still represent obstacle, acknowledgement of necessity for peace with Israel deserves recognition and encouragement.
6. Turkish-Pakistani pact will continue to exist. If new scheme bogs down after reasonable period of time we would still be in strong position to argue forcefully that, in view unsuccessful Egyptian and Iraqi efforts to create regional defense group including

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[1] Repeated to Cairo, Ankara, Karachi, London, Amman, Beirut, Damascus, Jidda, Jerusalem, Tehran, Tripoli, and Tel Aviv.

[2] *Supra.*

[3] Document 202.

[4] Document 209.

Arab as well as upper tier states, adherence to Turkish-Pakistani pact is only realistic solution to ME regional defense problems.

IRELAND

No. 225

780.5/8-2354

Memorandum by the Secretary of State to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET WASHINGTON, August 23, 1954.

I am greatly disturbed over the report that Iraq is planning a security pact with Egypt and is moving away from the idea of joining up with Turkey and Pakistan.

We bought the idea of military aid to Iraq on the theory that it was going to tie up with the northern tier countries and not merely build up the Arab League as against Israel.

When the Iraqi Prime Minister was here, he told me of the projected union with Syria and Lebanon, and I told him that because this would bring their influence to the Israel border, I thought it should be preceded by their moving along with Turkey and Pakistan. I understood him to indicate that he would do so. Now this proposal of joining with Egypt to strengthen the Arab Collective Security Pact comes up. I frankly do not like it and I believe it might cause us to invoke the Iraq Mutual Security Agreement provision that we may review our military aid in the light of the international situation at the time.

JOHN FOSTER DULLES

No. 226

674.87/8-2254: Telegram

The Acting Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, August 27, 1954—11:14 a.m.

330. We wish explore cautiously all aspects Iraq Egyptian suggestions for area defense arrangements based on revised Arab Collective Security Pact with western adherence (Baghdad's 104 and fol-

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[1] Drafted by Burdett and cleared by NE and NEA. Repeated as telegram 108 to Baghdad, 1136 to London, 258 to Ankara, and 261 to Karachi.

lowing).[2] Adoption proposal would involve abandonment our present policy of basing area defense on northern tier concept and Turk-Pakistan pact. We need particularly precise information re manner and timing association western powers and Turkey and Pakistan and nature any moves contemplated on Israel issue. Our attitude necessarily will depend largely on whether Arabs prepared reverse previous anti-Israel orientation Arab League and we therefore especially interested Nuri statement one function new pact would be prepare for peace with Israel. Does Egypt understand arrangements in same manner as Nuri and is she willing proceed at this time?[3]

When approached by Egyptians (Baghdad's 105)[4] Embassy Cairo should endeavor obtain details but refrain from indicating US attitude.[5]

Embassy London requested query Foreign Office.[6]

SMITH

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[2] Dated Aug. 21, not printed. It concerned a conversation with Nuri Said on the Iraqi-Egyptian talks. (674.87/8-2154)

[3] Telegram 107 from Baghdad, Aug. 23, reported Salem said time would be needed to erase Egyptian suspicions of Great Britain, while Nuri Said claimed he expected Great Britain and the United States to be associated with the pact from the beginning. (674.87/8-2354) Telegram 244 from Cairo, Aug. 23, suggested differences existed between the Egyptian and Iraqi interpretations on the nature and extent of agreement reached, and had suggested caution until the situation was clarified. (674.87/8-2354)

[4] Document 223.

[5] Telegram 260 from Cairo, Aug. 27, reported that Salem and Nuri Said did interpret the Sersank conversations differently. Salem had not been authorized to commit the Government of Egypt to anything, and Nasser was not prepared to go along with Iraq in cooperating with the West to the extent that Salem had apparently indicated that Egypt might. (674.87/8-2754)

[6] Telegram 1113 from London, Sept. 1, reported some confusion about what had happened at Sersank. On the basis of available information, the Foreign Office was inclined to welcome the Iraqi-Egyptian proposals on the grounds that a lessening of tension between Iraq and Egypt was a good sign. They considered it encouraging that non-Westerners were suggesting a regional organization that would invite Western participation. A British official commented that the Suez settlement had made Great Britain more optimistic about building on the Arab League and less favorable to the northern tier concept, although it did not necessarily consider the two inconsistent. (780.5/9-154)

No. 227

674.87/8-2754: Telegram

The Secretary of State to the Embassy in Iraq [1]

SECRET WASHINGTON, August 31, 1954—4:40 p. m.

119. Cairo's 6 to Baghdad [2] confirms our understanding current Egyptian attitude against association at present with West in area defense arrangements.

In view Egyptian Government's apparent rejection Nuri Said-Saleh Salem proposals (which could not have been acceptable to USG in context present orientation ALCSP) Embassy should at appropriate opportunity sound out Nuri on his present thinking. Embassy may in its discretion mention Department's satisfaction over assurance given Ambassador Berry by Nuri re his support for Turk-Pakistan pact (Embtel 590) [3] and Nuri's statement (Embtel 105). [4] He not abandoning regional defense principle which he recognized lay behind pact. Having in mind these statements and last paragraph Embtel 107 [5] we hope Nuri will focus his attention on Turki-Pakistan pact which we believe offers only basis for realistic and effective defense planning in Near East.

DULLES

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[1] Drafted by Fritzlan and cleared by NE and in substance by OFMA/OSB. Repeated as telegram 356 to Cairo, 1212 to London, 275 to Ankara, and 278 to Karachi.

[2] Not printed; this is the same as telegram 260, which is summarized in footnote 5, *supra*.

[3] Document 202.

[4] Document 223.

[5] Not printed, but see footnote 3, *supra*.

No. 228

780.5/9-854: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, September 8, 1954—4 p. m.

312. Iraqian Ambassador said this morning he had seen Nasir, Gamal Salim and Salah Salim yesterday on Nuri's instructions (Baghdad's 143 to Department). [2] He said Nasir had taken position

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[1] Repeated to Baghdad, London, Amman, Beirut, Damascus, Jidda, Ankara, and Karachi.

[2] Not printed; it reported Nuri Said had commented he had no definite knowledge of disagreement between the Egyptians and himself concerning the Iraqi-Egyptian

Continued

it was premature to approach US and UK before Egypt and Iraq had reached full agreement between themselves and had consulted other Arab states on plans for revision ALCSP.

He said Salah Salim had pointed out that Iraq desires early action to strengthen its Northern defenses and that Sarsank proposals would have advantage (a) of providing substitute for present Anglo-Iraqian treaty and (b) avoiding involvement in Turkey-Pakistan pact.

Ambassador said Nasir twice told Salah Salim he had been informed by "reliable American source" that US had given up idea of Arab adherence to Turkey-Pakistan pact. After some inconclusive discussion, Nasir said Egyptians would have to discuss matter further among themselves and would get in touch with Iraqian Ambassador again soon.

We of course, assured Ambassador that Nasir had not had his information from us and made it clear there has been no change in US thinking re Turkey-Pakistan pact.

Egyptian source close to Nasir confirms substance of Al Rawi's account. Source states however that Salah Salim walked in on meeting unexpectedly with result that full extent his commitments at Sarsank finally revealed to Nasir, who terminated meeting in order permit GOE get its lines straight.

Caffery

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regional security plans, but had asked the Iraqi Ambassador in Cairo to see the Egyptians and review the situation. (780.5/9-754)

No. 229

674.87/9-1654: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, September 16, 1954—8 p. m.

358. Iraqi Prime Minister told me this evening that during conversations with Egyptians yesterday and today, their attitude has been that they do not disavow the Sarsank conversations [2] but that due to present attitudes on part of Communists and Moslem Broth-

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[1] Repeated to London, Baghdad, and the Arab capitals.

[2] Telegram 319 from Cairo, Sept. 9, reported the Egyptian Cabinet the previous evening had granted Maj. Salah Salem a month's leave. No public explanation was given, but the Embassy considered the move a clear way of facing the fact that Salem had exceeded his authority in the Sersank talks. It suggested the action was a way of putting Nuri Said on notice that the Egyptian Government did not consider itself bound by any commitments made by Salem. (780.5/9-954)

erhood they cannot at this juncture take any steps to put them into effect; they must wait until sometime after the final agreement with British signed, but they did not specify how long they would have to wait. Nuri's reply was "that's very well and I will do nothing to prevent your putting your own ideas into effect so long as they are in accordance with Articles 51 and 52 of the UN charter. However I cannot wait. Iraq is in an exposed position. I must do something. But whenever I do something I shall have in mind that eventually Egyptians might participate in it". He said that on that they shook hands all round and left each other with smiles.

I said "What had you in mind?" He said "Nothing very definite. I shall talk a bit with Pakistan and Iran; eventually Turkey, and afterwards possibly Lebanon and Syria. Jordan has an agreement with British. Had word last week from the Shah of Iran that he would like to take part in a regional pact. Perhaps I shall suggest a pact with Iraq and Pakistan, and then little later Turkey, or perhaps a pact with Pakistan and Iran and Turkey, and eventually Syria and Lebanon. I mean to go ahead. In any circumstances, whatever I do will be in accordance with Articles 51 and 52 of the UN charter".

Obviously this is all something less than concrete and direct, but patently his thoughts are not as yet well defined. Obviously, too, he was disappointed with the Egyptians. He had believed that with his superior knowledge and experience he could bring them into line.

CAFFERY

No. 230

780.5/9–3054: Telegram

The Secretary of State to the Embassy in Turkey [1]

SECRET WASHINGTON, October 7, 1954—6:05 p. m.

430. Embtel 368.[2] Department continues support Northern Tier concept looking toward arrangements between Turkey, Iraq, Iran, Pakistan preferably within framework Turk-Pakistan Pact as most realistic basis for development Middle East defense. Although complex political problems in Arab world virtually eliminate possibility

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[1] Drafted by Anschuetz and cleared by NE, GTI, BNA, and Defense-OMA in substance. Repeated to London, Tehran, Cairo, Damascus, Jidda, Beirut, Baghdad, and Karachi.

[2] Not printed; it reported Nuri Said was arriving in Istanbul on Oct. 9 or 10. The Turkish Prime Minister said he intended to explore the possibility of Iraq associating itself with Turkey and Pakistan and would welcome an indication of the U.S. position on the general subject. (780.5/9–3054)

substantial early progress we have no desire discourage efforts enlarge capabilities ALCSP to contribute to area defense. We believe Turk-Pakistan Pact and ALCSP should be regarded as complementary rather than mutually exclusive arrangements. We also aware elaboration ALCSP as basis Middle East defense organization presents certain attractions to UK which is faced with problem rationalizing Anglo-Iraqi relations at expiration present treaty.

Since US not prepared abandon or diminish support Northern Tier concept which represents best hope for realization real military collaboration and certain amount military strength we would be keenly disappointed if Iraq were defer steps looking toward close and effective military planning and collaboration with Turkey, Iran, and Pakistan. For this reason we are pleased at Nuri's reported intention approach Turkey Pakistan and possibly Iran. (London 1724 [3] Dept rptd Ankara 32 Baghdad 12 Unnumbered Cairo Karachi Damascus Tehran).

Foregoing views may be communicated Turks accordance Prime Minister's request. On appropriate occasion we will make our position clear in direct conversation with Iraqis, however we would prefer these views not be attributed to US during Turk conversations with Nuri.

DULLES

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[3] Dated Oct. 5, not printed. It reported Nuri Said, in conversations with Foreign Office officials, told them he intended to approach Turkey, Pakistan, and Syria in hope of concluding a pact with at least one of them providing for their general staffs to work out arrangements similar to NATO or the Balkan Pact. These arrangements could be joined by other states, including the United States, United Kingdom, or other Arab States. Iran was not specifically mentioned, but the Foreign Office believed he had it in mind also. An officer of the British Foreign Office informed the Embassy the United Kingdom had become more favorable to the northern tier idea since it was apparent that it would be impossible for any regional defense organization to develop out of the Arab League without Egyptian participation. (780.5/10-554)

No. 231

780.5/10-954: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

SECRET NIACT ANKARA, October 9, 1954—2 p. m.

393. This morning I discussed with Zorlu, deputy Prime Minister and acting Foreign Minister, substance Deptel 430, [2] October 7. He

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[1] Repeated to London, Paris, Tehran, Cairo, Damascus, Jidda, Beirut, Baghdad, and Karachi and was transmitted in two sections.

[2] *Supra.*

said Prime Minister returns from Germany to Istanbul today to meet Nuri Said, Iraqi Prime Minister, who arrives this evening. Conversations expected last over next four days.

Zorlu then said there have been two developments in Iraqi attitude since my conversation with Prime Minister September 30 (Embtel 368).[3] When Abdul-Illah was leaving Turkey Zorlu accompanied him to airport. In conversation at that time Abdul-Illah expressed view it would be desirable for Nuri Said and Prime Minister Menderes explore possibilities of reaching decision on Turco-Iraqi bilateral defense pact rather than attempt move Iraq at this time into Turco-Pakistan agreement. If this idea worked out then Iraqis would propose similar bilateral pact with Pakistan at suitable moment in future. The two pacts might be combined within framework of Turco-Pakistan agreement.

When Zorlu reported this conversation to Prime Minister it was agreed idea appeared worth exploring and Zorlu instructed Turk Ambassador London seek ascertain nature Nuri Said's conversation there to verify if preparatory talks possibly leading in this direction.

Much to surprise of Turks they now advised from London that Nuri Said explored possibility quite new arrangement first with Eden, then with French Ambassador in London, and later with French Prime Minister in Paris. Such information as Turks have, indicates nebulous idea apparently based on effort by Nuri Said revive original MEDO concept in modified form. He suggested, according to the Turks information, that if French approved re Syria then he would explore defense arrangement to include Britain, Iraq, Pakistan, Syria and France.

While not expressed, it was implied that Turks and US would be requested give their support to idea. Turks understand Nuri Said formulated this idea following his conversations in Egypt when Nasir supposed to have expressed view that since Iraq more exposed than Egypt it might feel free enter into special defensive arrangements secure northern frontier against Soviet attack.

Since Prime Minister absent in Germany Zorlu sent for British Ambassador and inquired if he knew anything about Nuri Said's conversations in London. Bowker told him in first interview that there appeared be some nebulous plan afoot but he not aware of details. He would inquire of London and inform Zorlu early as possible. Yesterday Bowker visited Zorlu again and confirmed substance Nuri Said's conversations with Eden in London and with French Government in Paris. He intimated Nuri Said has draft proposal which he may bring to Menderes' attention when they

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[3] Not printed, but see footnote 2, *supra*.

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meet in Istanbul. Zorlu said Bowker expressed view this idea still nebulous. In his London conversations, Nuri Said had considered it worthwhile developing since, if carried out, it would permit UK conclude new defense arrangement with Iraq under umbrella of proposed area defense arrangements and would not require Nuri Said present new Anglo-Iraq bilateral security pact to Iraqi parliament with incidental risk of bitter debate. Bowker said that as alternative to this arrangement Nuri Said might suggest to Turks pact between Iraq, Pakistan and British, followed at later date by bi-lateral pact between Iraq and Turkey.

Zorlu's reaction to these proposals is negative. He feels strongly that best feature of Turco-Pakistan agreement is indigenous initiative as against outside sponsorship and participation which made MEDO proposal sound appealing to Middle East countries. In his opinion it desirable that Menderes in forthcoming discussions with Nuri Said move towards bilateral arrangement between Turkey and Iraq calculated promote security their common frontier against Soviet aggression. He perceives no objection, if this can be done, to Iraq seeking bilateral agreement with Pakistan. Should this be done he believes situation would be possible at suitable moment to tie both agreements into Turco-Pakistan agreement. He believes further that forthcoming conversations in Istanbul must take into account weight of British power and importance British interests in Middle East and said Turks realize these facts and will do nothing impede British participation in development of Middle East defense area. He does have strong reservations on value modified MEDO proposal put forward by Nuri Said. He considers it unfortunate Nuri Said has made overtures to French and has attempted associate Iraq and Syria in this proposed arrangement.

Zorlu promised keep me currently informed of conversations as they develop in Istanbul.

I had not yet seen London's 1724, October 5[4] to Department when I had my conversation with Zorlu this morning. Bowker and I had lengthy conversation last night at dinner given by Turkish Chief of Staff for Marshal Montgomery. Conversation dealt exclusively with inquiries by Bowker re current Turkish financial and economic difficulties and did not touch on any political subject.

WARREN

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[4] Not printed, but see footnote 3, *supra*.

No. 232

780.5/10-1254: Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State [1]

SECRET LONDON, October 12, 1954—1 p. m.

1851. From further discussion with Foreign Office of proposals put forward in London by Nuri Said recently [2] re Middle East regional security, Embassy believes outline of proposals contained Embtel 1724 [3] and Embdes 958 [4] is substantially accurate and that Turkish Government version outlined Ankara's 393 [5] is not entirely correct.

Foreign Office has shown us circular telegram to British Ambassadors at certain Middle East posts which Bowker was authorized use in his conversation with Zorlu mentioned Ankara reference telegram. Version of Nuri's proposals as given in Foreign Office circular corresponds to that given Embassy by Foreign Office and reported in our telegram and despatch under WGF.

Foreign Office considers Nuri's proposals could hardly be described as "effort revive original MEDO concept", even in modified form, since Nuri made it plain that indigenous initiative was essential feature his plan. Foreign Office concurs in this approach.

Re French participation Nuri told British he had spoken to French here in effort enlist support vis-à-vis Nuri but that he does not favor French association in his proposed regional security arrangements. Foreign Office points out that according Nuri these arrangements would be open to accession by countries "having forces in the region" thereby excluding French. Foreign Office understands Nuri did not go to Paris and that his only discussion with French was with their officials here.

Foreign Office concurs with Department's belief (Deptel 1999) [6] that Northern Tier and ALCSP should be regarded as complementary rather than mutually exclusive. Nuri incidentally told British he was planning approach Turkey, Pakistan and Syria, not Turkey, Pakistan and Iran as indicated Department reference telegram, although he evidently had Iran in mind also. British are awaiting results Nuri's visit Turkey before developing their own views further.

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[1] Repeated to Baghdad, Ankara, Karachi, Cairo, Damascus, Tehran, and Paris.

[2] After his visit to Egypt, Nuri Said went to London on Sept. 18, primarily for medical treatment. He remained in London until Oct. 3, and during that time had a series of conversations with members of the Foreign Office on the subject of Middle East regional security. Additional documentation on this topic is in Department of State file 780.5.

[3] Not printed, but see footnote 3, Document 230.

[4] Not printed; it transmitted the details of a conversation between the Head of the Levant Department of the Foreign Office and Nuri Said on Middle East regional security. (780.5/10-554)

[5] *Supra.*

[6] Printed as telegram 430 to Ankara, Document 230.

BUTTERWORTH

No. 233

780.5/10-2354: Telegram

The Ambassador in Turkey (Warren) to the Department of State [1]

SECRET ANKARA, October 23, 1954—10 a. m.

441. In conversation with Prime Minister yesterday he said Nuri Said's visit to Istanbul prolonged several days because conversations difficult and Turks found it hard going move Nuri away from negative thinking. [2] On arrival, Nuri inquired of Menderes what he wanted. Menderes replied to effect Turks would like know how Nuri and his government faced political, economical and social problems of the area as applied to Iraq and what was his solution. To this Nuri returned that Iraqis feared Russians less and hated Israelis more. Their primary preoccupation was to find friends who would help them meet threat of Jewish expansion.

With this in view, Nuri proposed negotiate agreement with Pakistan rather than Turkey, also similar arrangements with Syria. He said that Turks had less preoccupation with problem of Israel than Arab states because territories not contiguous to Israel, and that Pakistan in his opinion would be more willing identify itself with Arab concept Middle East defense, which includes primarily containment of Jews. Menderes felt only way approach this situation constructively was for Nuri present written *procès verbal* setting forth Iraq estimate of Middle East problem and ideas for a solution, while Turks on their part prepared *procès verbal* setting forth Turk attitudes and thinking. When this had been done (Prime Minister said Nuri's paper was very short) they then proceeded in frankest manner to narrow field of disagreement and initial points on which there was common understanding. Result of week's conversation was undertaking on part of Nuri Said to accept Turco-Iraqis agreement along lines of Turco-Pakistani pact. Nuri expressed willingness sign immediately but Menderes felt agreement should not be signed until he returns Nuri a visit at Baghdad next January.

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[1] Repeated to London, Cairo, Paris, Karachi, Baghdad, Tehran, Damascus, Jidda, Beirut, Amman, and Tel Aviv.

[2] Despatch 196 from Ankara, Oct. 27, 1954, transmitted the texts in translation of documents covering the discussions between Turkish officials and Nuri Said during the latter's visit to Turkey from Oct. 9 to 18. (780.5/10-2754)

Prime Ministers agreed Iraqis should approach Pakistanis also for bilateral agreement and that Turks should approach Syrians. Turks also during course of exchange of visits between Turk and Egyptian Prime Ministers in next few weeks will attempt obtain Egyptian support of program. Menderes explained to me that phasing of steps to be taken will be: 1. His forthcoming visit to Prime Minister of Egypt in Cairo third week in November; 2. Nasir's return visit to Turkey in December; 3. Menderes visit to Nuri at Baghdad in January; and 4. If moment favorable, Menderes visit to Syria following visit to Iraq. Iraqis undertake to sound out Shah re eventual participation Iran but do not believe precipitate action advisable and preferable await reorganization of Iranian armed forces. Menderes believes this series of steps undertaken over period of next six months will establish pattern of Middle East defense in manner particularly satisfactory to US and UK and will bring problem of Israeli-Arab relations into better perspective with hope of establishing *modus vivendi* on basis Israeli agreement forego unlimited immigration, internationalization of Jerusalem and establishment of boundaries with Arab neighbors along ceasefire lines. In return Arab States will negotiate peace and abandon boycott. Prime Minister added he is informing British Ambassador of his conversations with Nuri in practically same detail given me in order allay any possible British suspicions. He feels complete honesty and frankness on his part with British is essential. He requests Department give him indication its thinking concerning substance foregoing conversations before he leaves for Egypt next month.[3]

WARREN

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[3] Circular telegram 211, Oct. 27, not printed, was sent to Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Jidda, Karachi, London, Paris, Tehran, and Tel Aviv. It requested comments on telegram 441, particularly Nuri Said's version of his talks with Menderes. The Embassy in Turkey was requested to explain, if possible, the reasons Menderes discouraged Nuri Said from signing the Turkish-Iraqi agreement until after his visit to Baghdad in January. (780.5/10-2754)

For replies to circular telegram 211, see the editorial note, *infra*.

No. 234

Editorial Note

Replies to circular telegram 211, October 27, requesting comments on telegram 441 from Ankara, are in Department of State file 780.5. There seems to be no direct response from Ankara, the Embassy rather concentrating on forwarding information supplementary to telegram 441. Ankara offered no explanation as to Menderes' action in not signing at that time.

Replies from Damascus and Beirut, especially Damascus, emphasized that Nuri Said was probably less interested in regional defense than in union between Iraq and Syria under the Hashemite royal house. Israel already disliked the northern tier concept and viewed with great apprehension the Menderes plan for expansion of the regional defense grouping to include Arab states. The British Foreign Office perceived no essential incompatibility between a regional grouping based on the northern tier concept and one based on the Arab League Collective Security Pact. The Iranian reaction, transmitted in telegram 1016 from Tehran, November 3, is printed *infra*. (Telegrams 181 from Damascus, October 30; 383 from Tel Aviv, October 31; 432 from Beirut, November 1; and despatch 1230 from London, October 29)

No. 235

780.5/11-354: Telegram

The Chargé in Iran (Rountree) to the Department of State [1]

SECRET TEHRAN, November 3, 1954—6 p. m.

1016. Re Deptel circular 211 [2] and Ankara's 441 [3] to Department. Iranian attitude toward regional security arrangements and problems relating Iranian adherence to Turkey-Pakistan treaty undoubtedly being discussed by departmental officers with Ambassador Henderson. There have been no local developments since Ambassador's departure which would have bearing upon his evaluation of situation.

As Department aware, attitudes in Iran re possible adherence to security pact have improved considerably in recent months particularly following Soviets clumsiness in July 8 *aide-mémoire*.[4] Certain Iranian newspapers with some regularity refer to futility of neutrality for Iran and necessity for country take its stand with free world; Government apparently attempting cautiously to prepare public for moves in direction adherence to regional security arrangement. Nevertheless, we continue believe Iranian decision this connection not likely to be made before US is prepared discuss with Shah extent to which aid will be given in strengthening Iranian forces. Until then, therefore, we do not believe it would be particularly fruitful for either Turks or Iraqi make definite proposals to Iran re bilateral treaty. Moreover, we inclined believe once Iran is in position to make decision it would be far more reluctant to undertake bilateral pact with Iraq, also relatively weak contributor to area defense, then it would to adhere to existing Turkey–Pakistan treaty with knowledge this measure would have strong US support.

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[1] Repeated to Ankara, Cairo, Karachi, Baghdad, London, Paris, Damascus, Jidda, Beirut, and Amman.

[2] Not printed, but see footnote 3, Document 233.

[3] Document 233.

[4] Documentation on the Soviet note to Iran is scheduled for publication in volume x.

On other hand, if considerations in Iraq, Syria and other Arab states such as to render it advisable adopt procedure under which series bilateral agreements would be made, failure of participants, and particularly of US, to consult fully with Iran might lead to concern on part Iranians that interested countries are proceeding with defense arrangements without due regard Iranian security. This concern would be aggravated in light previous omission attack on Iran as criterion for re-activation Suez base. It therefore important that Shah and Iranian Government be kept informed as to intentions other parties, rough timetable, and fact that Iran free to participate if it so desires.

ROUNTREE

No. 236

780.5/10-2354: Telegram

The Secretary of State to the Embassy in Turkey [1]

SECRET WASHINGTON, November 11, 1954—12:17 p. m.

548. Ankara's 441 [2] and replies to Depcirtel 211. [3] We hopeful series conversations planned by Menderes may assist on Middle East defense and Arab-Israel problems. Ankara requested convey to Menderes following on confidential basis:

1. We appreciate opportunity work with him. We believe he will agree that matter complicated by lingering Arab sensitivities carried over from Ottoman days and Arab resentment realistic Turkish policy toward Israel.

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[1] Drafted by Burdett and cleared by NE, NEA, Defense-OFMA, and GTI (Ambassador Henderson, paragraph 5). Repeated to Amman, Baghdad, Beirut, Cairo, Tehran, Damascus, Jidda, London, Karachi, and Paris.

[2] Document 233.

[3] Not printed, but see footnote 3, *ibid.*, and Document 234.

2. We concur with his concept of interrelationship Middle East defense and Arab-Israel problems. Tactically necessary tackle both simultaneously avoiding moves which may accelerate progress on one to detriment of progress on other. Because of factors mentioned under (1) preferable for Turkey at present direct its main efforts at area defense matters leaving in abeyance for moment Arab-Israel problem. Also we entertain doubts re certain elements Arab-Israel solution mentioned by Menderes and wish to consider whole matter further.

3. We continue support fully northern tier concept as offering best prospect creating area strength but see nothing against step by step approach to Iraqi adherence to Turkey-Pakistan Pact through for example bilateral agreements between Iraq, Turkey and Pakistan. We would be pleased to see Iraq sign bilateral agreement with Turkey during Menderes' forthcoming visit to Iraq.

4. We question practicality endeavoring at this time bring Syria into defense picture. Also because limited appropriations we not able plan this time allot any funds to Syria for military assistance.

5. We believe it would be premature to bring any pressure on Iran just now. Suggest Iran situation be reviewed sometime next spring. FYI Our views more fully stated forthcoming telegram to London rpted Ankara. End FYI. [4]

6. In talk with Nasir we believe Menderes should endeavor stimulate eagerness on part of RCC for association with Turkey. Hints that Iraq considering bilateral arrangement would generate Egyptian desires move that direction. We believe Egyptian-Turkish bilateral arrangement would constitute best method associating Egypt with northern tier grouping. Suez Base Agreement [5] provisions for reactivation in case of attack on Turkey provide peg for move in desired direction.

7. We recognize Israel will oppose defense arrangements excluding her in short run but participation of Turkey should lessen Israel apprehensions. In addition Arab association with Turkey should help allay real Arab feeling of weakness vis-à-vis Israel and lessen intra-Arab pressures based on fears of Israel.

8. We concur Menderes views on ALCSP and believe he should discourage Nasir from hopes West will base Middle East defense on ALCSP. Past anti-Israel history of pact and practical difficulties dealing with Arab states as bloc make it unwise base defense strategy on ALCSP. At same time because of Arab sensibilities and gen-

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[4] Presumably this reference is to telegram 2657 to London, *infra*.

[5] For documentation on the final and formal Anglo-Egyptian Agreement of Oct. 19, 1954, see Documents 947 ff.

uine if latent Arab yearning for unity open opposition to Arab League should be avoided.

DULLES

No. 237

780.5/11-354: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET WASHINGTON, November 13, 1954—2:30 p. m.

2657. Although concur in Eden's view that Iran unlikely participate presently Middle East regional arrangements and that matter should not be pressed at this time (London's 2200), [2] disagree that Iranian participation should await increased revenues and prosperity. We see no reason why Iran should not now be encouraged participate. Quite possible she might in fact decide join without undue pressure. See Tehran's 270 to London (16 to Ankara). [3] Level of US MDA Progam important element in fostering Iranian participation and is now under review Washington. Embassy may wish inform Foreign Office we believe that US–UK should offer some encouragement to, but not bring pressure upon, Shah to join regional arrangements since feel strongly that such participation important to effective Northern Tier arrangement and might be forthcoming in not too distant future. Participation could be worked out in a manner which would not prejudge necessary economic development which we hope and expect will come in the train of oil settlement.

Not aware reported plan discuss specifically defense of Iran. However representatives JCS (i.e. CINCNELM), British and Turk Chiefs will meet, tentatively in December consider operational factors incidental to Middle East defenses. This conference to be followed by bilateral US–UK talks re limited Middle East defense problems of mutual concern. Latter may be suitable occasion discuss problem defense of Iran. These two conferences which will not discuss political aspects are essential establish basic factual military data upon which politico-military plans for Middle East defense can be based. Seems unlikely conference concerned solely with defense Iran would be able to produce mature and comprehensive conclusions re Iranian defenses within context over-all Middle East defenses prior to Shah's visit. While realizing desirability coordinated US-UK position re regional defense role of Iran believe must await outcome above mentioned conferences. We have already informed Shah we shall not make any definite decisions during discussions military assistance or security arrangements during his visit here and hope UK would see fit follow similar course.

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[1] Drafted by Dixon and cleared by BNA, GTI, and Defense. Repeated as telegram 965 to Tehran and 555 to Ankara.

[2] Dated Nov. 3, not printed. The Ambassador reported a conversation with Eden, who suggested Great Britain and the United States should allow Iranian revenue to increase before pressing that country to join a Middle East regional defense plan. (780.5/11-354)

[3] Printed as telegram 1016 from Tehran, Document 235.

DULLES

No. 238

780.5/11-1654: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State [1]

TOP SECRET LONDON, November 16, 1954—6 p.m.

2364. From lengthy discussion at Foreign Office of Iranian defense problem (Deptel 2657) [2] following clarification British attitude emerges:

1. British expects Shah on his forthcoming visit to US and UK to raise problem of association of Iran in regional defense planning in Middle East and for their part will reply that they hope eventually Iran will join some regional defense pact or organization.
2. HMG believes it clearly in UK interest (and also US interest) to secure any improvement in Iranian armed forces that may be possible but until Iran's financial position improves substantially, UK believes US and UK should continue advising Iranians develop their armed forces on modest lines, from economic and practical point of view (paragraph 1 Embassy telegram 2200). [3]
3. At same time British recognize (a) prestige value which Shah, and Iranians generally, attach to military equipment and (b) need for an efficient and contented army, from regime's standpoint.
4. Therefore, problem in British opinion resolves itself into presenting advice to Shah in as palatable form as possible and keeping Shah and army happy about such progress as they are making.
5. While convinced economic progress in Iran should precede any substantial expansion of Iranian armed forces British do not believe economic progress should necessarily precede a diplomatic move such as adherence to a regional defense pact if Iran should decide to do so.
6. In HMG opinion, however, a diplomatic move this sort should not be such as (a) provoke Soviet action under Iranian-Soviet

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[1] Repeated to Tehran.

[2] *Supra.*

[3] Not printed, but see footnote 2, *supra.*

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treaty of 1921, or (b) public opinion in Iran or (c) raise any hopes UK will commit any British forces to Iran which Foreign Office stresses HMG will not do. Foreign Office realizes presentation of foregoing to Shah will be difficult process and Shah will ask many searching questions. Foreign Office also very conscious of dilemma posed by problem of neither discouraging nor encouraging Shah too much. When Shah asks specifically what role Iranian armed forces are to play in regional defense British will indicate this primarily military problem which will be taken under consideration (here British have in mind US–UK military talks mentioned paragraph 2 Deptel 2657).[4] Foreign Office, however, is strongly of opinion in advance of such military talks and of Shah's visit, US and UK chief of staff should confer in order coordinate US–UK replies to Shah. British joint chiefs have recently communicated with US chiefs in this regard.

Re last sentence Deptel 2657 Foreign Office confirms HMG not contemplating any definite decisions during course of discussions with Shah in London.

Foreign Office fully concurs in Department's view that US and UK should lend some encouragement to, but not bring pressure on Shah (last two sentences paragraph 1 Deptel 2657). British also share views expressed Tehran's 1016 November 4 [*3*],[5] to Department which we have discussed with Foreign Office.

It is evident to Embassy after full discussion of foregoing problem with Foreign Office that British realize they may not be able satisfy Shah; that they realize advice they plan give Shah under (1) above may run counter to caveat under (6), particularly in view Soviet-Iranian Treaty; and that consequently they feel they will not be in position make very effective reply when he asks, as he may well, why Iran should run obvious risk inherent in joining "northern tier" regional security arrangement, especially when an arrangement such as present Turkish-Pakistan pact is of purely consultative character.

ALDRICH

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[4] A meeting between representatives of the JCS, British, and Turkish Chiefs of Staff had been tentatively planned for December, to be followed by bilateral U.S.-British talks on limited Middle East defense problems of mutual concern. Neither conference was to discuss political aspects of Middle East defense, but it was considered possible that the Iranian situation might come up at the latter talks.

[5] Document 235.

No. 239

780.5/12-2154: Telegram

The Ambassador in Iraq (Gallman) to the Department of State [1]

SECRET Baghdad, December 21, 1954—4 p. m.

381. I saw Prime Minister Nuri this morning at my request. I asked him whether the time of the visit of Prime Minister Menderes had now been definitely fixed; what the prospects were of signing a defense agreement during the visit; and what the present attitude was of Egypt on Iraq's proceeding independently at this time with some form of defense agreement, bilateral or regional.

Nuri replied that Menderes had said that he would be in Baghdad on January 6. He was not prepared to sign any kind of defense agreement during the Menderes visit. He needed clarification on certain points before he could sign any agreement. He hoped to get clarification before February. Some time in the course of February when the legislative calendar will have been pretty well cleared, he wanted to make statement in Parliament on regional defense. Egypt, he said, had made her present position clear when she looked with disfavor on Iraq going ahead at this time independently on any defense arrangement.

In elaborating his statement on needed clarification, Nuri said that what he ultimately would like to have was a regional security pact based on Articles 51 and 52 of the UN Charter. But before he could make a move toward any kind of regional pact he would have to know how far the US and UK were prepared to go beyond their NATO commitments. These commitments, he observed, did cover Turkey.

At this point I reminded Nuri of our interest in seeing the northern frontier concept of defense come into being either through a step by step program, or through a single collective act. What we were concerned about was the vacuum now existing on the northern frontier between Turkey and Pakistan. If some initiative were taken by Iraq, I was sure the broader clarification he spoke of would follow in due course. It was hard for him, Nuri then went on to say, in view of Egypt's stand for example, to sign an agreement with Turkey now unless joined by the US and UK. Until the internal situation in Egypt, and for that matter in Syria too, became more stable, it was difficult for him to deal with those countries. In Iran too, a more settled situation had first to evolve. Obviously Nuri, probably in the face of Egyptian pressure, is stalling in the hope of getting some more definite commitment from US and Britain. We had to break off our inconclusive talk as Nuri was due in Parliament and had already run thirty minutes beyond the time he was to appear there.

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[1] Repeated to Ankara, London, Cairo, Paris, Karachi, Tehran, Amman, Beirut, Damascus, Jidda, and Tel Aviv.

We agreed to have another talk on the question of defense immediately after the Menderes visit. Nuri said he would then go over in detail with me his exchanges with Menderes.

I would appreciate receiving from the Department before the close of those talks any observations the Department may feel might well be made by me on that occasion. [2]

GALLMAN

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[2] See telegram 732 to Ankara, Dec. 31, *infra.*

No. 240

780.5/12-3154: Telegram

The Secretary of State to the Embassy in Turkey [1]

SECRET WASHINGTON, December 31, 1954—5:32 p. m.

732. 1. Department approves views Embassy Baghdad presented in discussions with Nuri (Baghdad's 381 to Department). [2] While not greatly encouraged by Nuri's remarks we desire move ahead with Northern Tier arrangement. Although we believe would be counter-productive now attempt press Nuri take action Embassy Baghdad should use every suitable opportunity discreetly encourage and foster earliest Iraqi association with Pact or conclusion bilateral arrangements with either party.

2. In connection Nuri–Menderes talks Embassy Baghdad may, if suitable opportunity offers, express Department's view that generally US found Middle Eastern governments unresponsive MEDO in which Western governments sought take lead in helping plan area defenses. Believe essential if area defenses are to be effective and meaningful there should be genuine indigenous effort on part of Middle Eastern countries create basis for their defense. While Turkey–Pakistan Pact loose arrangement limited in nature its provision for military arrangements to consult and plan against possible unprovoked attack from outside, or similar provisions, would in fact create precisely kind of basis from which full fledged regional

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[1] Drafted by Dixon and Fritzlan and cleared by Defense, GTI, NE and paragraph 4 by UNP. Repeated to Baghdad, Cairo, London, Karachi, Tehran, Amman, Beirut, Damascus, Jidda, and Tel Aviv.

[2] *Supra.*

defense organization could grow. Pending such development unprepared consider US commitment to area. Believe most useful US role for present is continue examine defense problems with, and help increase military effectiveness of governments pursuing workable joint defense efforts.

3. It would be helpful to Department in considering this question to know more clearly what Nuri envisaged in inquiring how far US and UK individually or collectively prepared go beyond NATO commitments. Embassy Baghdad may have opportunity sound him out discreetly this point.

4. In further general discussions of regional pact Embassy may wish suggest UN Article 51 and general reference to Charter more suitable basis. Reference Article 52 would seem inappropriate since it directed chiefly to pacific settlement local disputes and its use would also involve provisions chapter 8 as a whole possibly creating misimpression of responsibility to keep Security Council informed at all times of activities regional organization including defense planning.

5. Concur views expressed Baghdad's 395 [3] to Department. FYI Department has given substance Baghdad's 381 to Department to representative British Embassy. He said he not aware Nuri had raised subject with UK and believed failure do so doubtless due to existence UK guarantee under present treaty and Nuri's desire complete own domestic program before discussing Treaty question in any detail. He added Nuri must be aware UK willingness continue guarantee beyond expiration of treaty in consideration for base facilities which would permit implementation. End FYI.

6. In Nuri's attributing his unwillingness take formal step at this time to possible adverse Arab reaction, particularly on part Egyptian government, there is apparent reversal from point of view reported Cairo's 358 [4] and 397 [5] to Department. Fact that Egyptians previously had no objection and recent Arab League meeting indicated no objection to Iraqi arrangement for Western use of bases in

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[3] Dated Dec. 29, not printed. The Ambassador and the British Chargé both planned to see Nuri Said separately before Menderes' visit. Gallman wanted to dispel any thought Nuri might have about being able to maneuver between the United States and the United Kingdom. It was hoped, however, to avoid any appearance of a joint approach. (780.5/12-2954)

[4] Document 229.

[5] Dated Sept. 23, not printed. It reported a source close to Nasser said Nasser had given the "green light" to Nuri Said to go ahead with a defense arrangement with other northern countries. The source informed the Embassy Nasser reasoned that closing the Iraqi defense gap was vital to Egypt, and Nuri Said might as well handle the problem since the Government of Egypt was unable to act overtly on area defense at that time. (674.87/9-2354)

case of attack on Iran (Beirut to Dept. 599),[6] actually seem reflect more broadminded and fluid attitude. Would therefore appreciate Embassy Cairo's comments as to whether Egyptian reaction would actually be of serious nature if Iraq acceded to Pact or undertook bi-lateral with either party.

7. Embassy Ankara may wish give substance of Baghdad's 381 to Department along with Department's views expressed in paras 1 and 2 above to Menderes or Foreign Office.

DULLES

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[6] Dated Dec. 23, not printed. It reported the results of an Arab League meeting, concerned with strengthening the Arab League Collective Security Pact. An Embassy officer in Beirut was told the participants at the meeting agreed Iraq could enter into a cooperative agreement with Iran. (786.00/12-2354)

No. 241

780.5/12-3154: Telegram

The Secretary of State to the Embassy in Egypt[1]

SECRET WASHINGTON, December 31, 1954—5:34 p. m.

1002. Department disturbed note Nasir has twice to our knowledge taken line with other Arab leaders that US Government has "given up" idea of Arab adherence to Turkey-Pakistan pact (Cairo tel 312 Sept 8)[2] or supports idea that Arabs should "collectively take initiative for regional defense" presumably to exclusion non-Arabs (Beirut tel 599 rptd Cairo as 96).[3]

Unless you perceive objection you should take earliest opportunity explain US position to Nasir. Department suggests you tell Nasir that during discussions in recent months on Middle East Defense problems we have become aware of some misapprehension as to what our position is. An erroneous view seems to have gained currency in some quarters that US favors idea Arabs should collectively and exclusive of non-Arabs, take initiative for regional defense. You should emphasize we support fully northern tier defense concept as offering best prospect creating area strength.

DULLES

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[1] Drafted by Allen and Frye and cleared by NEA. Repeated to Baghdad, Beirut, Amman, Ankara, Damascus, Jidda, London, Paris, and Tehran.

[2] Document 228.

[3] Not printed, but see footnote, *supra*.

UNITED STATES INTEREST IN THE DEVELOPMENT OF THE PETROLEUM RESOURCES OF THE NEAR EAST [1]

No. 242

886D.2553/1-2352: Despatch

The Consul at Kuwait (Duncan) to the Department of State

CONFIDENTIAL KUWAIT, January 23, 1952.
No. 40

Ref: Kuwait Tels No. 8, November 26, 1951, [2] No. 12, December 28, 1951; [3] Kuwait Despatch No. 39, January 2, 1952. [4]

Subject: Finalization of Formal Agreement for Increased Payments to Ruler of Kuwait for Kuwait Oil Production.

As was reported in Kuwait's Despatch No. 32, November 30, 1951, [5] and Telegram No. 8, November 26, 1951, memorandum of agreement for fifty-fifty division of profits of oil production in Kuwait was signed on November 26, 1951. The drafting of a formal agreement, the accomplishment of the series of corporate changes required, and the preparation of a decree imposing an income tax to accomplish the collection of the increased payment were to be worked out in London between representatives of KOC and the Ruler's London representative, Mr. H. A. Kemp. On December 27, Mr. C.A.P. Southwell, Managing Director of KOC and Mr. Kemp made a hurried trip to Kuwait in order to complete the formalities. Mr. Kemp alleged that he had misunderstood from the very beginning the terms of the agreement with regard to date and time of payment of the tax and it was felt necessary to communicate personally with the Ruler immediately in order that final details could be worked out before the end of December.

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[1] For additional documentation, see vol. i, Part 2, pp. 1259 ff.

[2] Not printed; it reported the agreement on payments by the Kuwait Oil Company to the ruler of Kuwait had been signed on Nov. 26; and the final agreement was basically the same as the proposal of July 6, 1951, except that foreign taxes would not be deducted before the Kuwait tax was levied. (886D.2553/11-2651)

For the July 6 proposal, see telegram 178 from London, July 10, 1951, in *Foreign Relations*, 1951, vol. v, p. 324.

[3] Not printed; it reported the Managing Director of the Kuwait Oil Company and the ruler's representative arrived in Kuwait on Dec. 27 to discuss the alleged misunderstanding of the date from which the Kuwait tax was to be applied. (886D.2553/12-2851)

[4] Not printed; it transmitted an English language text of a decree by the ruler of Kuwait imposing the income tax decree which was to implement the agreement with the Kuwait Oil Company. (886D.112/1-252)

[5] Not printed; it contained further information on the developments reported in telegram 8. (886D.2553/11-3051)

However incomprehensible such a misunderstanding on the part of Mr. Kemp could have been, it was initially believed, on the basis of a garbled cable received at the Political Agency, that the first taxable year was in question. This was reluctantly reported to the Department. The issue rather was one involving time of payment with, necessarily, the company wishing to assure itself of adequate time for preparation of accounts. The Ruler agreed to the interpretation for time of payment as is included in Article 7 of the Kuwait Tax Decree (Kuwait Despatch No. 39, January 2, 1952) and it was possible to proceed with the formalities for applying the tax (Kuwait Tel. No. 12, December 28, 1951).

Possibly the most deeply concerned over the prospect of delay of finalization of the agreement was the manager of the British Bank of Iran and the Middle East. He was primarily concerned with handling the 100,000,000 Rupee payment scheduled as settlement of claims prior to December 1, 1951, and had made commitments and preparations based on the relative certainty that payment would be made by the end of the year.

Mr. C. J. Pelly, the Political Agent, performed a very rush job in connection with the issuance of the income tax decree inasmuch as under the treaty relationship and particularly the assumptions of jurisdiction under the Order in Council, the British Government asserts extra territorial rights covering, for example, the Kuwait Oil Company and, in addition to the company's political agreement, protecting it from the imposition of a tax relatively confined in its application. Over the weekend of the 29th, and through exchange of highest priority cables, authority was obtained from the Secretary of State in the Foreign Office for the Political Resident in Bahrain to promulgate a regulation removing the exemption of the KOC from the jurisdiction of the Ruler of Kuwait in this particular; and the practical effective date of the agreement was thus, as originally scheduled, December 1, 1951.

ENOCH S. DUNCAN

No. 243

886A.2553/1-2852

Memorandum of Telephone Conversation, by the Officer in Charge of Arabian Peninsula Affairs (Awalt)

CONFIDENTIAL WASHINGTON, January 28, 1952. [1]

Subject: Aramco Conversations in Riyadh.

Participants: Mr. L. M. Snyder, Vice President, Aramco, New York.

Summary:

Mr. Snyder telephoned to say that his office had just received its first telegram on the subject of the progress of negotiations in Riyadh. [2] Status of the negotiation are as follows:

1. No foreign tax credits before payment of Saudi taxes.
2. The lag in tax payments to the SAG shall be reduced from 12 to 8 months.
3. Deductions for repayment of the cost of the Saudi Railway shall amount to no more than $6 million per year.
4. Aramco agrees to give more generous consideration to their relinquishment program. Relinquishment of particular areas, however, is deferred for the time being.
5. The SAG request for a minimum annual payment of $100 million was refused.
6. Board meetings in Saudi Arabia were refused.
7. The request for an equal number of Saudi members on the Board of Directors and equal voting power with American members was refused. The SAG demand in this respect was premised on a 50–50 partnership concept. The SAG reduced its demand to three Directors which Aramco countered with an offer of two, in keeping with the IPC Agreement.

Mr. Snyder informed me that the conversations have removed from Riyadh to Dhahran at Prince Feisal's request since he has gone to Damman to participate in the boundary negotiations beginning there today. [3]

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[1] This memorandum of conversation was prepared on Jan. 29.

[2] Negotiations between the Arabian American Oil Company and the Saudi Arabian Government, regarding the terms of the Aramco oil concession, had been going on since the previous year.

[3] See the editorial note, *infra*, regarding the boundary negotiations.

No. 244

Editorial Note

A conference on boundary problems between Saudi Arabia and the British, speaking for Qatar and Abu Dhabi, began at Damman, Saudi Arabia, on January 28, 1952. Prince Faisal, Minister of Foreign Affairs, headed the Saudi Arabian Delegation. The British Delegation was headed by Sir Rupert Hay, British Political Resident in the Persian Gulf, and included Shaikh Ali ibn Abdullah al-thani of Qatar and Shaikh Shakhbut ibn Sultan of Abu Dhabi. The discussions were confined to the land boundaries between Saudi Arabia and Qatar, and the western land boundaries of Abu Dhabi. The boundaries of Buraimi and Oman were not discussed at the Damman Conference. Despatch 74 from Dhahran, February 20, 1952, transmitted a summary of the early negotiations to the Department of State. (780.022/2-2052) Additional documentation on this topic is in Department of State file 780.022.

No. 245

Editorial Note

On January 25, 1952, a group of officials of the Iraq Petroleum Company arrived in Baghdad, where they met with the Prime Minister on January 26, and later with the Minister of Economics. At those meetings most of the outstanding issues between the company and the Government of Iraq were settled. The one remaining unsettled issue concerned the availability of sterling balances. That issue was to be treated by an exchange of letters outside the text of the agreement and had been submitted to the British Foreign Office, since it was primarily a governmental problem. (Despatch 697 from Baghdad, February 2; 887.2553/2-252)

Telegram 601 from Baghdad, February 3, reported the IPC oil agreement had been signed by the company and the Government of Iraq, and required only Parliamentary ratification and the signature of the Regent. Telegram 614 from Baghdad, February 9, reported the signing of the IPC agreement had been publicly announced on February 7 and had been sent to Parliament on February 9. Despatches 854, March 11, and 1074 and 1075, April 30, contained some additional information on the IPC agreement, and also on the nationalization of the oil refining and distributing functions of the Khanaquin and Rafidain Oil Companies, subsidiaries of AIOC. Agreements between the Government of Iraq and those two companies had been signed on December 25, 1951, and were sent to Parliament and ratified by it at the same time as the IPC agreement.

All five Independence Party members of the Chamber of Deputies resigned on February 11 in protest against the government's handling of the oil agreements, and the 18-member Nation Socialist Party declared itself against the agreements on the same day. Its members abstained from voting, however, and the Chamber of Deputies passed the oil agreements by a vote of 89 to 7 on February 14. The Senate passed them on February 17 by a vote of 17 to 1, and they were signed by the Regent on February 19. (Baghdad telegrams 627, February 13; 635, February 14; 639, February 18; and 653, February 20)

Despatch 769 from Baghdad, February 19, transmitted the text of the IPC agreement, summaries of the ratification debates in the Parliament, and some material issued by the opposition parties. According to the despatch, the overwhelmingly favorable votes in Parliament did not provide a true reflection of local opinion, but instead were the result of the tactics of Prime Minister Nuri Said. The Ambassador gave credit to Nuri Said for his skill as a negotiator and courage in seeing the agreements through the Parliament. On the other hand he regretted that the Prime Minister had not made a greater effort to broaden the base of political support for the agreements, which would have improved the outlook for both the oil companies and his own future. Arguments that the agreements were "railroaded" through the Parliament were considered valid by some reasonable people.

Telegram 49 from Baghdad, July 11, reported that on the previous day the Iraqi Council of Ministers had approved settlement of the outstanding financial issues with the IPC group, in return for payment of 7.5 million pounds sterling. Despatch 60 from Baghdad, July 19, transmitted a copy of a July 13 letter of agreement between IPC and Iraq, implementing the July 10 decision, which stated that in return for the company's payment the government would discontinue the Gold Case against IPC in the courts of London. Documentation on this topic is in Department of State file 887.2553.

No. 246

886A.2553/2-452: Telegram

The Ambassador in Saudi Arabia (Hare) to the Department of State [1]

SECRET JIDDA, February 4, 1952—7 p. m.

409. Owen flew here Feb 25 fill-in Aramco negots on instrs directors who foresee agreement most points but may break up in disagreement some points and wanted Emb have advance notice supplement account given on my recent visit Riyadh (Embtel 383, Jan 26). [2]

Owen said shift scene negots to Dhahran peculiar in sense supposedly made on King's orders at Prince Feisal's request when latter impelled proceed Dhahran for boundary negots, whereas on arrival Aramco group Feisal expressed surprise see them and said he had expected they wld remain Riyadh and finish work in short time. Result is counselors Jamal Husseini and Khalid Gargoni now out picture and Shaikh Abdullah and Najib Salha have field to themselves. [3]

Agenda on basis King's letter plus additional points introduced by SAG now known as "eleven points". Status each is:

(1) Saudi desire SAG tax be computed before foreign tax: Aramco agreed when explanation failed convince Saudis;

(2) Revision tax payments to make current: After King's discussion complicated formula adopted of which immed effect is payment $40 million more this year than according present arrangement;

(3) and (4) Organizational points including Saudi demands (a) Registration as Saudi Corp, (b) Board meetings in SA, (c) transfer headquarters SA, (d) Transfer books SA, (e) Equal SAG representation on board, (f) 50 percent SAG vote on board: Aramco (a) refusal SAG registration and believe SAG will not press, met (b) and (c) by agreeing give board chairman and pres to field and apppoint new director in field, (d) agreed transfer books, (e) offered two directors but Saudis, after demanding equal representation, wld not go below three and matter stalled here with Aramco apparently prepared

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[1] Repeated to Cairo and Dhahran; tramsmitted in two parts.

[2] Not printed; the Ambassador advised the Department of State that King Ibn Saud had expressed appreciation of the high caliber of the Aramco negotiators although making clear he approached the topic of Aramco and big business generally in terms of extreme nationalism. (886A.2553/1-2652)

[3] Telegram 435 from Jidda, Feb. 17, not printed, reported the Aramco negotiators had come to Jidda and told officers of the Embassy that conversations became very difficult as Najib Salha and Yassin took over, and Prince Faisal abdicated responsibility. In conclusion, however, the negotiators said the general spirit in the discussions was not unduly discouraging, and they had been impressed by the friendly attitude of the King when they made a farewell call at Riyadh. (886A.2553/2-1275)

stand to breaking point because of problem in Aramco organization, of effect on other area agreements where two is maximum board representation and also of fact Aramco negotiators said won't yield on point and feel wld be mistake submit now, (f) refused 50 percent SAG control, pointing out SAG although partner in enterprise, not partner in Aramco.

(5) Saudi demand minimum royalty $100 million for four years after cessation production for any reason: Aramco refused request as fantastic but discussion not complete;

(6) Saudi demand for relinquishment without compensation areas in which oil found but not developed within two years: Aramco made strong rebuttal and question deferred for study because of technical aspects;

(7) Saudi demand for relinquishment within 5 years 50 percent of concessionary area: Aramco indicated favored as rapid relinquishment program as cld reasonably be worked out and stated no objection to other responsible companies entering field. Like (6) after discussion reserved for study with Aramco forsees wld take about six months and hopes SAG will agree;

(8) Saudi request reduction railroad repayment to $500 per month: After discussion, during which Aramco pointed out burden which such demands placed on cash position company and effect on stockholders, Saudi request accepted;

(9) Saudi complaint re non-utilization gas: Aramco explained studies made in past and difficulty economic utilization. However, said glad share all info with anyone interested and, if decided exploit, sell gas, pay royalty and share profit fifty-fifty as provided in concession. Saudis agreed.

(10) Tapline: Essential factor here SAG desire early profits as contrasted present 15-year provision for amortization and discussion inevitably led price differential of $1.43 at Qaisuma and $1.93 at Sidon. Saudis first suggested shortening 15-year period to 5 and Aramco agreed, but Saudis reneged and countered with suggestion Aramco take over tapline completely. Aramco said cld not act beyond SA border and suggested charging $10 million annually for tapline transport facility in SA, which wld net Saudis $5 million as 50 percent tax. Saudis said not enough and Shaikh Abdullah suggested formula which wld place total increase in price attributable transport in SA at $20 million of which SAG wld get $10 million in taxes, but Salha objected still not enough and matter remains under discussion;

(11) SAG letter re taxes: Feisal suggested, and Aramco agreed, refer to subcommittee. Main point is SAG claim $2 million minimum royalty for offshore shld not fall under 50–50 arrangement whereas Aramco maintains clearly does so.

Thus, as matters stand, most points disposed of except number board members, minimum guaranteed royalty and price formula for tapline with impasse reached on first and last two still under discussion. In meantime, directors of 4 parent companies, who obviously had done best be both patient and reasonable, are beginning get somewhat fed up, particularly with kicking around they have been getting by Shaikh Abdullah and Salha since removal negots Dhahran and they are apparently digging in toes to point where prepared break off negots without agreement all points on agenda.

Having discussed situation fully and frankly with directors both during and before negots, my feeling is they have exhibited commendable forthrightness and reasonableness in negotiating with Saudis and that compromise agreement on the three main outstanding points probable except for dispute re number members on board which, curiously enough, outside observers wld probably find difficulty in understanding point at issue as between 2 and 3 members. In circumstances, acrimonious breakup of negot in failure agree on this point, however valid Aramco's reasons may be, cld be unfortunate from relations standpoint and I have asked Owen convey thought to directors that, if they feel necessary stick on this point, they shld be very careful to handle in such way as show reasonableness their position.[4]

HARE

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[4] Despatch 341 from Jidda, May 21, transmitted to the Department of State a summary of the discussions and conclusions of the Aramco-Saudi Arabian negotiations during January and February, received from the Jidda office of Aramco. (886A.2553/5-2152)

No. 247

886A.2553/3-1252

Memorandum of Conversation, by David Longanecker of the Office of African Affairs

SECRET WASHINGTON, March 12, 1952.[1]

Participants: NEA—Mr. Jones
NE—Mr. Kopper
NE—Mr. Awalt
PED—Mr. McMaster
AF—Mr. Longanecker
Mr. Charles Harding and
Mr. Thomas Kelly, Socony Vacuum Oil Company

Mr. Harding opened the discussion by stating that he thought the Department would be interested in an informal report on the recent discussions between Aramco officials and SAG for the purpose of reaching agreement on various changes requested by the latter in Aramco's operating arrangements.

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[1] This memorandum of conversation was prepared on Mar. 14.

BEST COPY AVAILABLE

First of all, however, he wished to point out that the mission was very favorably impressed with Ambassador Hare and the work he is doing in Saudi Arabia.

Mr. Harding's report did not add anything to the information already reported to the Department by Embassy Jidda, other than the views of the mission on the attitude of various SAG officials towards Aramco and the U.S. The Aramco representatives spent the first several weeks at Riyadh, and while there were received by the Crown Prince who was very friendly and asked that he be informed if they were not treated properly. The Foreign Minister, Prince Feisal, attended all of the meetings in Riyadh and contributed a great deal to the friendly atmosphere maintained in the discussions as well as the progress made, despite the tendency of the SAG side to reopen in the morning points on which agreement had been reached the preceding day. During the second week, general agreement was reached on most of the points under discussion and the Aramco representatives were ready to leave when they were called to a meeting with Finance Minister Abdullah Suleiman in Dhahran, at which Deputy Foreign Minister Yusuf Yassin presided. He reopened discussion on all points under consideration, including those on which agreement had been reached. The discussions were resumed at Dhahran but were not nearly as satisfactory as at Riyadh and ended with agreement on only 3 of the 11 points at issue. The discussions were concluded with a statement of the points agreed on and those still to be settled when negotiations are resumed within two months by company officials located in Saudi Arabia. Aramco's Egyptian counselor, Saba Habashy Bey, is highly regarded in Arabia and was especially helpful during the discussions.

One of the major points at issue is the price used in valuing the crude oil output for SAG taxation. This question was raised very early in the discussions, the SAG representatives taking the position the country is not receiving its share of the benefits from the existence of Tapline. After much discussion, it was finally agreed if the company can present facts proving that its position on this point is valid, SAG will accept it, unless in the meantime SAG develops conclusive evidence to the contrary. The raising of the crude oil price in the IPC agreement just renegotiated with the Iraq Government to $1.51 per barrel was mentioned by the SAG negotiators as a basis for at least examination if not revision of the crude oil price specified in the Aramco agreement.

The mission had an audience with the King who was very cordial but apparently very tired. Abdullah Tariki served as the interpreter at the audience . . . .

. . . .

At this point, Mr. Jones asked Mr. Harding if he wished to comment upon the Department's impression that his mission left Arabia in a very pessimistic state of mind as to the company's future there.

Mr. Harding replied that the company is not too perturbed over the situation in view of the fact that general agreement had been reached at one point.

. . . .

Mr. Harding also mentioned that their Egyptian problems were of some concern and that he would like to discuss them with the Department in the near future. Mr. Jones replied that we will be very happy to meet with Mr. Harding whenever he is ready and appreciate having had the opportunity of hearing his comments on the discussions in Saudi Arabia.

No. 248

887 2553/3-3152

Memorandum of Conversation, by David Longanecker of the Office of African Affairs

CONFIDENTIAL WASHINGTON, March 31, 1952.[1]

Subject: Discussion of IPC New Concession Agreeemnt with Iraq and Operating Plans

Participants: NEA—Mr. Jones
NE—Mr. Stabler
NE—Mr. Funkhouser
NE—Mr. Longanecker
PED—Mr. McMaster
Near East Development Company—Mr. Brewster; Mr. Anderson

Mr. Anderson presented the Departmnet with a copy of the final draft of the new IPC Agreement with the Iraq Government. In response to a question by Mr. Funkhouser, Mr. Anderson expressed the opinion that IPC will produce approximately 14,000,000 tons of petroleum this year, representing a rate of 280,000 bp/d, on which the company will pay the government approximately $5.25 a ton under the new agreement, or a total of some $70,000,000. These figures relate to Kirkuk production sent through the pipeline to Mediterranean terminals. Basra production is expected to amount to 2,200,000 tons during the year, 44,000 bp/d, on which the company will pay the Iraq Government approximately $2,000,000.

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[1] This memorandum of conversation was prepared on Apr. 7.

The new pipeline to the Mediterranean is now completed and should be in operation around the end of April at an approximate 100,000 bp/d flow. The flow will be built up to the line's maximum capacity of 280,000 bp/d.

Basra production is to be increased to the annual level of 8,000,000 tons, 160,000 bp/d, in four years. This increase will require the development of greater storage and loading facilities at the Persian Gulf. The IPC is now considering building a pipeline out into the Persian Gulf to enable deep-sea tanker loading. Some thought is being given also to building a pipeline to the Mediterranean from Basra, but this possibility is remote in view of the fact that the company must immediately build up its transmission facilities to the Persian Gulf and its terminal facilities there in order to carry out the production increase to which it is obligated in the new concession contract.

IPC is still faced with the problem of securing the consent of both Gulbenkian and the French to the terms of the new contract.[2]

With respect to the operations in Qatar of the IPC subsidiary, Petroleum Development, Ltd., the company is faced with a demand from the Sheik of Qatar for a 50-50 concession arrangement similar to the Kuwait Oil Company's contract in Kuwait. The IPC considers the Sheik's demand unacceptable in this early stage of production in Qatar. Production is very small both absolutely and in relation to the capital investment and operating cost of Petroleum Development, Ltd. The output in Qatar is only a fraction of the production in those countries where the so-called 50-50 arrangements are in force.

In response to a query concerning Mr. Funkhouser's recent trip in the Middle East, Mr. Funkhouser reported that the mission in which he participated was extremely well treated by the IPC people in Qatar and elsewhere. He reported that the mission was very much impressed with the caliber of the IPC people and their friendly and cooperative attitude.

The nationalistic desires of each of the small countries on the Mediterranean seaboard, i.e., Lebanon, Syria, and Trans-Jordan, for a local refinery were discussed at some length. Messrs. Brewster and Anderson presented the views of the oil industry, viz., that a small refinery in each country with sufficient capacity to meet its basic products requirements is uneconomic. The demand in these small countries for petroleum products is unbalanced, running heavily to kerosene and fuel oils, and refineries operated to supply the total local demand for these items would have substantial surpluses of other products. The oil industry feels that it would be much more economical to supply these small countries from one refinery. They admit, however, that it will be difficult to withstand the pressure for a small refinery in each of these countries, especially in view of the crude oil to which they are entitled under the pipeline contracts. Mr. Anderson pointed out that Trans-Jordan could obtain its total needs of petroleum products in a few days flow through the now idle pipelines from British topping plants in Iraq.

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[2] Despatch 164 from London, July 10, reported that IPC had settled matters with the Government of Iraq, but there was still a great deal of work to be done on the agreement among the companies which owned the IPC. The group agreement was extremely complicated, and the point of contention was related to the tax payments to Iraq. (887.2553/7-1052)

No. 249

880.2553/4-1052

Memorandum of Conversation, by David Longanecker of the Office of African Affairs

CONFIDENTIAL [WASHINGTON,] April 10, 1952.[1]

Subject: Discussions between Aramco and Governments of Lebanon and Syria re revision of Tapline transit agreements.

Participants: NE—Mr. Kopper
NE—Mr. Funkhouser
PED—Mr. Eakens
PED—Mr. McMaster
AF—Mr. Longanecker
Messrs. Duce, Britton, Spiegel—Arabian American Oil Company.

The Aramco officials called at the Department to report on the status of the Syrian, Lebanese and Trans-Jordan Governments' requests for revision of certain provisions of the Tapline transit agreements.

Mr. Duce stated that Tapline is satisfied with the existing arrangement under which the Syrian, Lebanese and Trans-Jordan Governments each have the option to buy, at the world market price, 200,000 tons of crude oil annually from the company. The company is agreeable to extending this arrangement to include the obligation to pay these Governments $1 per ton for all or any portion of the 200,000 tons not taken each year. As a matter of fact, the company is willing to agree to furnish at the world market price half of the crude oil—the IPC should be required to furnish the other half—within a ceiling of 500,000 tons a year, required to meet the domestic requirements of each of these three countries, and with respect to the first 200,000 tons to pay each government $1 a ton for all or any portion thereof which it does not elect to purchase. With regard to the latter, the company is of the opinion it probably will be necessary to agree to a payment of from $2 to $3 a ton. With respect to Syria, the company is tying the above proposal to the Government permitting it to purchase its local currency requirements at the free market rate, as explained in the next paragraph.

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[1] This memorandum of conversation was prepared on Apr. 16.

The major issue with Syria is the arrangement which the company accepted at the time the pipeline was under construction, to purchase local currency to cover local cost on the basis that 80 percent would be purchased at the official exchange rate and 20 percent at the free rate. Tapline intended that this arrangement be limited only to the time the pipeline was under construction and now wishes to purchase all of its local currency needs at the free market rate. On the 80-20 percent basis, the company is paying approximately 13 cents per Syrian pound more than on the 100 percent free market rate. This costs the company about $1,500,000 a year (13 cents times the 12 million Syrian pounds it requires annually to meet local costs). The Syrian Government, however, is insisting on retention of the 80-20 percent basis.

As has been reported, the Government of Syria is contemplating the construction of a refinery at Homs. Tapline would be agreeable to furnish the needs of this refinery from the 500,000 tons of crude oil previously mentioned and within the limitation of 50 percent of the country's crude oil requirements, but would hope to make an exchange agreement with IPC whose pipeline goes by Homs, Tapline delivering a corresponding quantity of Arabian crude to IPC at Sidon. Syria has asked Tapline for assistance in designing and building the refinery but Tapline is agreeable only to suggesting one or more reputable American petroleum engineering firms.

The Lebanese and Syrian Governments are demanding an increase in loading fees which they have agreed to share equally. The company is agreeable to an increase in the loading fee from approximately $0.02 to $0.0329 per ton which is the rate IPC pays.

With reference to Lebanon, the government is requesting that the company now pay municipal taxes. While the company appreciates the fact that the municipalities in which it has substantial office and other space are losing tax revenue, it does not wish to agree to the payment of any taxes, as this would represent modification and lead to eventual elimination of the tax exemption clause in its present transit agreement. The company is willing to make lump sum payments in order to compensate the municipalities partially or wholly for their tax losses.

The Lebanese Government is also requesting permission to use Tapline's port facilities, to which the company is opposed on the basis that the Government is likely to use the facilities for other commodities than oil.

The company is considering lump sum payments to cover various miscellaneous items included in the Lebanese requests, e.g., payments for road maintenance and the use of radio, postal and other facilities. The company is agreeable to the request to maintain the buoys in the harbor.

By and large, Tapline is faced with much the same requests in both Syria and Lebanon but anticipates much less difficulty in reaching a mutually satisfactory agreement with the Lebanese Government. Messrs. Noble and Swiger left yesterday to resume discussions of the unsettled issues with these two Governments.

Mr. Eakens asked whether the lump sum payments to compensate the municipalities for tax losses would be as large or larger than the actual taxes if the company would acquiesce to taxation. Mr. Duce stated that he believed that the lump sum payments would be as large. Mr. Duce repeated that maintaining the tax exemption provision of the present agreement and not the relative size of the lump sum payment is the major consideration. He mentioned the fact that tax exemption in many countries is very important because of the tendency in some countries to levy taxes which, while appearing to be generally applicable, actually apply only to one or more foreign businesses located within the countries. Mr. Eakens questioned, however, whether the tax exemption clause in foreign concession arrangements would not invite local criticism of and opposition to the concessionaire. Mr. Duce recognized this as a vulnerable point but replied that the tax exemption feature is an important inducement to foreign investment capital, especially in countries where the foreign enterprise may be singularly subject to the burden of taxation as previously mentioned. He mentioned that some governments compensate from federal funds, municipalities and states for tax revenue losses resulting from federal arrangements.

The outstanding problems between the company and Jordan are not serious at this time. Talks with the Jordan Government will take place later on.

With respect to the demands of all three countries for their own refineries, Mr. Duce pointed out that the proposed expansion of the Tripoli refinery will more than take care of their petroleum requirements.

Mr. McMaster inquired about the provision in the Tapline agreement with Jordan granting the company the right to build one or more refineries in Jordan. Mr. Duce replied that he did not think the Board of Directors of the company would seriously consider the construction of a refinery in Jordan at this time. Mr. McMaster stated that it is his understanding that the Jordan Government has specifically requested that this portion of the agreement be cancelled or that it be converted into an obligation. Mr. Britton said that he could not possibly justify on economic grounds a refinery in any of these countries. He stated there is sufficient capacity at Tripoli and adequate transportation facilities to service all three countries. He mentioned counting as many as fifty petroleum trucks at a time on the road between Damascus and Beirut enroute to Jordan and, according to his observations, most of the cargo carried was avgas.

Mr. Funkhouser inquired concerning the attitude of the government officials of Syria and Lebanon participating in the discussions with Tapline. Mr. Britton said the officials have proven to be the usual sharp traders, but have been extremely friendly. He believes that it will be possible to negotiate mutually agreeable settlements on all points. The settlements will last until these governments think they can negotiate better arrangements. He mentioned that the company had taken the Lebanese press down to Aramco's operations in Saudi Arabia in order to show them the benefits which have resulted from the company's operations there. The reactions of the Lebanese press to the trip were extremely favorable as were the press articles written after returning to Lebanon. This was a wise public relations job on the part of the company, and it is planned to extend the same courtesy to the Syrian press at the earliest opportunity.

Mr. Funkhouser asked whether there is anything more which the U.S. Government can do appropriately to help the company in its negotiations. Mr. Britton replied that he has been away from the Middle East too long to have any immediate opinions on this point.

With repect to the refinery situation, Mr. Duce said that the major problem facing Caltex or any other company in constructing a refinery in the area is the U.S. anti-trust laws which have been extended increasingly during recent years to the overseas operations of U.S. companies. This development is having a depressing influence on the foreign investment activities of U.S. corporations.

No. 250

880.2553/4-1452

Memorandum by the Chief of the Petroleum Policy Staff (Eakens) to the Director of the Office of International Materials Policy (Brown)

SECRET [WASHINGTON,] April 14, 1952.

Subject: Memorandum of Meetings in Paris, April 7 and 8, 1952.

1. Meeting of April 7 with Mr. B. E. L. Timmons, Deputy Director, MSA Mission to France, on the question of Middle East oil prices. (Present: Timmons, MSA French Mission; Bransky, MSA/E; Dwyer, MSA/W; Sundt, Petroleum Attaché at Embassy Paris; Swihart, RA; and Eakens, PED.)

MSA/E thought it would be useful while Mr. Dwyer, Director of the Petroleum Branch of MSA/W, and I were in Paris to have a meeting on this question with Mr. Labouisse or Mr. Timmons. As Mr. Labouisse was not available, our meeting was with Mr. Timmons.

MSA in Paris did not know very much about this problem and Mr. Dwyer began by describing its present status. The essence of his summary was as follows:

ECA and MSA have been financing purchases of Saudi Arabian crude oil from Caltex, Jersey, and Socony at $1.75 per barrel, whereas the oil is sold to those companies by Aramco for $1.43 per barrel. While the companies contend that Aramco sales are intercompany sales and therefore not subject to the requirement that ECA purchases shall be at the lowest competitive price, some sales nevertheless have been made at a price of $1.44 to Atlantic Refining Company for shipment to the United States. On oil moving through the Trans-Arabian pipe line, the companies charge themselves 26 cents per barrel, whereas the price differential on crude oil at the two ends of the line is 66 cents per barrel—$1.75 at Ras Tanura and $2.41 at Sidon. MSA has discussed the matter with the oil companies. Some of them have generally indicated that they would like to reach a compromise solution. None, however, have come forward with any concrete proposal, and the problem of getting a refund for the overcharges has been turned over to the Department of Justice. Justice has sent a letter to the oil companies asking for a refund. Dwyer did not know the basis or the exact amount of the refund which Justice was asking but assumed that the latter was about $75 million. In addition to the question of the recovery of the overcharge on past shipments, there is also the question of future prices. If the prices are set too low the companies may refuse to ship. If this occurred, the MSA countries would be faced with paying for Middle East oil with free dollars. MSA, without trying to set any price for the future, might simply refuse to finance any more Middle East oil shipments.

The general reaction to this statement of the problem was that it would not have any immediate repercussions on France. France already has all the economic assistance to be made available during this fiscal year. Hence, whatever the outcome of this problem, France will in fact be financing its oil purchases during the remainder of the fiscal year with free dollars. After the end of the fiscal year France probably would find it difficult to finance Middle East oil purchases with free dollars. Even now France is bringing pressure on the oil companies to accept more than 25 per cent in francs for dollar oil in order to spread the available supply of dollars over all essential requirements.

It was decided that MSA in Paris should follow the problem closely but should not take any action with regard to it without a request to do so from Washington.

2. Meeting on April 7 with Mr. Gordon, Manager of Caltex in France. (Present: Gordon, Sundt, and Eakens.)

Mr. Gordon had one major complaint: Caltex's operations are completely hemmed in and repressed in every direction. He said that there had been some improvement in the general atmosphere since Blanchard replaced Guillaumat as Director of the Office of Petroleum. Blanchard, in contrast to Guillaumat, would at least listen to what the company had to say about its problems even if he had not done anything about them. Caltex's principal difficulty is in its inability to expand its refining capacity and its distribution facilities. All refining in France is conducted on the basis of licenses granted for 15 years allowing each company a specified percentage of the total crude oil to be refined. This apparently cannot be changed until 1965 when the current licenses expire.

There was nothing new from the standpoint of Caltex in regard to the question of receiving more than 25 per cent in francs for oil supplied to France. They have not agreed to take any larger percentage in francs and have so informed Blanchard. The next move presumably is up to Blanchard.

3. Meeting on April 8 with officials of Standard Française des Petrole. (Present: Porters, Manager, and Doughten, Sundt, and Eakens.)

The situation in France in so far as Jersey is concerned seems to be generally satisfactory except for the demand that the company take a larger percentage of francs for the dollar oil which it supplies. Jersey, like Caltex, is standing firm on its position that it is not able to utilize more than 25 per cent in francs. The Jersey officials admitted that there were certain things which they might be able to do to use francs on a temporary basis, but that they were not willing to agree to do so as a part of any permanent arrangement. This was the position the company has continually taken in the past and in regard to which its officials in New York have previously informed the Department.

The company has cancelled ten cargoes of crude that were scheduled for delivery to France during the remainder of the current fiscal year, due to the inadequacy of dollars to finance French oil imports. This will not affect the supplies available to France, however, during that period since the company will continue to run its refinery at capacity on crude oil drawn from stocks and in carrying out processing arrangements with other companies. With this reduction in scheduled shipments, Jersey apparently has had sufficient dollars allocated to cover the remaining shipments through the end of the current fiscal year.

With respect to the availability of dollars to cover essential imports, there was the feeling of the SFP officials that the oil industry is being discriminated against in the dollars being made available for oil. Although the inventories are piling up in the textile industry, it was reported that dollars in large amounts are still being made available to cover cotton imports, presumably to prevent unemployment in the French textile industry.

Jersey was interested in what the French financial position in regard to aid will likely be at the end of the fiscal year, but neither Sundt nor I could throw any light on this question.

Although the officials with whom we talked were aware of the Middle East crude price problem, they did not mention it in the discussion.

4. Meeting on April 8 with Mr. Blanchard, Director of the Office of Petroleum. (Present: Blanchard, Sundt, and Eakens.)

Blanchard has recently replaced Guillaumat as Director of the Office of Petroleum in the French Government. Guillaumat, a French Army Colonel, left to become the government member of the Atomic Energy Commission, and Blanchard, who was Guillaumat's assistant, was elevated to the position of Director.

Blanchard expressed a number of strong views, which he apparently firmly holds, on a number of questions. He does not like Jersey. He said that Jersey is the one large company that has not invested any dollars in France since the war. He also said that Jersey is the company that is preventing the other American companies from increasing the percentage of francs which they are willing to take for dollar oil. In response to a question as to what Jersey could do with additional francs since the company's operations already generate more francs than required for its operations, Blanchard said that the company could invest them in other industries. The only one he specifically mentioned was rubber. He had the same comment in regard to Jersey not having brought additional dollars into France. The company, which already had a large operation in France and more francs than it needed in its operations, has in fact been the only company which has not imported new dollars into France.

Blanchard contrasted Socony with Jersey. He mentioned in rather laudatory terms that Socony since the war has imported its own dollars to build two large modern oil refineries.

As for Caltex, he could not understand the company's attitude. It wanted to expand its market position in France, yet two years ago when new 15-year refining licenses were being granted, Caltex refused to go in with a French group which would have welcomed a partnership with Caltex. He said that since Caltex had refused to participate with this French group they were stuck with their present percentage of refining until the existing refining licenses expire in 1965. The company had its last chance and passed it up.

In connection with Caltex's operations, Sundt made the point that Caltex was continually receiving offers from small French companies to sell their distribution facilities. Blanchard said that this was one phase of oil operations in which he did not need American capital and know-how. He said that local French filling stations might be poor and dirty compared with those in the United States but they were adequate for France. He said, however, that he does need American know-how and capital in oil refining and transportation and that he was willing to have American companies participate in those phases of the industry.

Blanchard, who was to have been the French representative on the NATO Petroleum Planning Committee, was not present at the London meeting on April 2. He explained that his absence was due to the fact that he was in Morocco.

He profusely expressed his appreciation for the help which the United States had given him in making supplies of furfural available last fall. These furfural supplies enabled Compagnie Française de Raffinage to begin lubricating oil operations in some new lubricating oil facilities somewhat ahead of schedule and at a time when furfural was practically unobtainable. As regards future supplies, he mentioned that a small plant is under construction in Southern France and that another one is either already in operation or is being built in Morocco.

My general impression of Blanchard was that while very friendly, he has a number of strong ideas about the proper role of foreign oil capital in France, ideas somewhat contrary to those we generally espouse, and that the American oil companies are going to have their troubles operating under his regime.

No. 251

880.2553/4-1852

Memorandum of Conversation by William McMaster of the Petroleum Policy Staff

SECRET [WASHINGTON,] April 18, 1952.

Subject: Anglo-American Oil Policy for the Middle East.

Participants: *British Embassy*
Mr. J. A. Beckett, Petroleum Attaché
Mr. D.A. Greenhill, First Secretary
State
PED—Messrs. Eakens, McMaster
NE—Messrs. Sturgill, Funkhouser, Longanecker

This was the first of a series of meetings expected to be held with the British as requested in their "personal memorandum" entitled "Anglo-American Oil Policy for the Middle East", dated March 24, 1952 and submitted to the Department on March 28, 1952.[1]

1. Discussion of memorandum with British Foreign Office and British Ministry of Fuel and Power:

Mr. Eakens stated that he had discussed the memorandum with representatives of the Foreign Office and the Ministry of Fuel and Power in London in the early part of April. The discussions were primarily on the urgency of an Anglo-American agreement on an oil policy for the Middle East to satisfy the oil producing countries that they are fairly treated and on equal basis with their neighbors. (see 1(c) of British memo.)

There was general recognition of the possible affect of the current Aramco-SAG negotiations on existing agreements in other Middle East countries.

It was agreed that it would be useful to continue discussions of a joint Middle East oil policy in Washington.

Regarding publication of a joint U.S.-U.K. Middle East oil policy it was stated that the U.S. would not favor publication but Mr. Eakens said he had the impression from his discussions in London that the British continue to favor publication.

In addition, the British were informed of the action recently taken by MSA-Justice against American oil companies regarding their pricing practices in connection with shipments of Arabian crude oil to Western Europe under ECA/MSA financing.

2. Development of U.S. position in respect to objectives presented in British memorandum:

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[1] Not found in Department of State files.

The British stated that they did not require any positions in writing at the present time but would like to orally discuss the Department's Middle East oil policies as they are developed. However, it was decided that a Department position should be developed on each of the points raised in the British memorandum to be submitted to the British as a memorandum or an *Aide-Mémoire*.

3. Discussion of FTC report on International Petroleum Cartels: The British were informed that publication of the report was delayed by the FTC because of the Iranian problem. The Department thinks there are major reasons which make it difficult for it to delay publication of the report.

Mr. Greenhill stated that it was unfortunate to add to an already embarrassing situation by publication of past acts of the oil companies. The British would much prefer that the report not be published. If publication cannot be avoided they would like to have adequate advance notice to allow them to make the necessary preparations to meet the possible impact of publication.

4. Relinquishment program in Saudi Arabia:

Mr. Greenhill referred to a despatch from Jidda regarding the relinquishment of oil concessions in Saudi Arabia and asked if there were any new developments on the relinquishment program.

Mr. Eakens stated that the program was already in effect and that 33,000 square miles of Aramco's concession would be relinquished every three years. Mr. Funkhouser pointed out the SAG was talking in terms of a much larger relinquishment—as much as one-half of the Aramco concession.

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No. 252

886A.2553/4-2152

Memorandum of Conversation, by David Longanecker of the Office of African Affairs

CONFIDENTIAL [WASHINGTON,] April 21, 1952.[1]

Subject: Status of Aramco-SAG discussions of concession terms.

Participants: NE—Mr. Jones
NE—Mr. Kopper
NE—Mr. Awalt
NE—Mr. Sturgill
PED—Mr. McMaster

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[1] This memorandum of conversation was prepared on May 6.

AF—Mr. Longanecker
Arabian-American Oil Company:
Mr. Duce
Mr. Chapman

Messrs. Duce and Chapman called to inform the Department on the status of the discussions between Aramco and SAG on the latter's request for revision of various terms of the existing concession. Mr. Duce reported that the major SAG proposals together with Aramco's position thereon and the status of discussions are as follow:

(1) Taxes to SAG to be computed on the basis in income before payment of foreign taxes. Aramco has accepted this proposal.

(2) Revision of existing tax payment time schedule to correspond more nearly to SAG financial needs.

Aramco has agreed to a time schedule of tax payments which will provide SAG with a steady flow of income on a monthly basis and place the company's payments on a more current basis. Beginning in September 1952, the company will pay SAG $10,000,000 a month for four months against 1952 earnings. The balance of 1952 taxes will be paid in eight monthly installments. By August 1953 these payments will have amounted to the total 1952 taxes due SAG. In August of each year thereafter, Aramco will estimate the current year's earnings and will pay the tax thereon on the basis of twelve equal monthly installments. In January of each year Aramco will file a preliminary tax return covering the preceding year's earnings, deduct payments made between August and December, and pay the outstanding balance due in eight monthly installments. In September of each year, the company will file a firm declaration of earnings in the preceding year and make any additional tax payments owing to SAG. Approximately 25 percent of the taxes will continue to be paid SAG in sterling.

(3) Equal SAG representation on the Aramco Board of Directors.

SAG originally proposed equal representation on the Board of Directors of the company but changed its proposal to three directorships having a 50 percent vote. The company has refused equal SAG representation either in membership or on a voting basis. In lieu thereof Aramco has proposed giving SAG two directorships. In view of SAG representation on the board, the company proposes to transfer a number of functions from the board to the stockholders, including approval of budgets, salaries, dividends, and modification of concession arrangements.

Mr. Jones inquired whether the company's proposal to transfer functions from the Board of Directors to the stockholders is designed to vitiate SAG's eventual participation on the board. Mr.

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Duce answered, "not necessarily", adding that IPC stockholders have had a great deal more control over IPC than Aramco stockholders have had over Aramco. Aramco believes it is desirable to carry out the proposed transfer of functions and will inform the Department of the changes it will be necessary to make in the Aramco by-laws to effect the transfer.

(4) Registration of Aramco as a Saudi Arabian corporation, and transfer of Aramco's headquarters, transfer of the meetings of the Board of Directors and of Aramco accounting to Saudi Arabia.

The company does not intend to agree either to changing the registration of Aramco or to holding the meetings of the Board of Directors in Saudi Arabia. It is agreeable to keeping the books and to moving the company's headquarters to Saudi Arabia. It is willing to transfer the Chairman of the Board and two directors to Saudi Arabia. The transfer of possibly as many as three or four hundred employees from the U.S. to Saudi Arabia will probably be involved in the new arrangement. In response to Mr. Jones' inquiry, Mr. Duce replied that he does not think the new arrangements will mean an increase in the total number of employees of the company.

(5) Payment of a minimum royalty—understood to be $100,000,000 per year for four years.

Aramco does not intend to accede to this request as such a guarantee should not be undertaken by a commercial private enterprise and is actually meaningless. In the earlier discussions Aramco pointed out to SAG that the company has always endeavored to cooperate on all occasions when the government has been in financial difficulty. Recently, for example, the company converted to dollars the unused portion of the sterling it paid SAG on royalty account in 1951.

(6) All proven oil bearing structures or fields must be brought into production within two years. Failure to do so will obligate Aramco to pay SAG the amount of revenue to which SAG would be entitled if the fields were in production.

Aramco has opposed this request but may be forced to accede to it. In this event, the company would start to develop the new fields but would link them to existing fields in order to average out production over all of the structures consistent with the total marketing possibilities.

(7) Obligation to relinquish one-half of the entire concession at the end of five years, and one-half of its proven fields by the end of the next five years.

The company considers unreasonable the SAG request that at the end of five years, half of the total concession area be relinquished. The existing agreement provides for relinquishment of

33,000 square miles beginning in July 1949, every three years until 1955, after which the relinquishments will take place every five years until 1970. The company is preparing to turn back to SAG the second block of acreage under this arrangement in July of this year. Aramco would be glad to include in these relinquishments the controversial boundary areas, after the company is reasonably satisfied they contain no important oil prospects, but feels certain that SAG would regard such action on its part as prejudicial to SAG's claim to these areas. While the company may be forced to accept acceleration of the existing relinquishment rate to the extent of turning back half of the total concession area at the end of five years, it does not intend to agree to release any proven acreage. In response to a question by Mr. Awalt, Mr. Duce stated that the islands off the coast below Qatar are inhabited by people belonging to a tribe which owes allegiance to SAG. In this connection, there are a number of promising oil structures under these islands as well as in near by underwater areas. In addition, there is one promising salt dome structure located in a small peninsula on this coast.

(8) Right to take and dispose of all natural gas not used by Aramco.

The company has not taken a final stand on this proposal but will discuss the matter further with SAG. SAG is interested in the availability of natural gas for establishing a fertilizer plant. Mr. Duce estimates a fertilizer plant could be established at a cost of approximately $30,000,000. A three-way deal might be worked out, involving U.S., Arabian and Pakistani interests, for the production of sulphate of ammonia. Eventually a more complete fertilizer could be produced by the addition of phosphates, important deposits of which are reported to exist and could be developed in Lebanon if the proposed new rail link is completed in Saudi Arabia.

(9) Reduce to $500,000 per month the sum withheld by the company in payment for the railroad.

The company has accepted this proposal, which means that amortization of the railroad debt will extend over seven years instead of three years.

(10) Offshore areas are subject to the same concession terms applicable to the mainland.

Aramco does not accept SAG's position and intends to discuss the matter further. The company particularly objects to the application to the offshore areas of the 50/50 profit sharing and tax arrangements until these areas are brought into actual production.

(11) Transfer of Tapline facilities in Saudi Arabia to Aramco.

The company has proposed a SAG tax on that portion of Tapline in Saudi Arabia and has authorized the Aramco officers negotiating these points with SAG to agree to a Saudi Arabian-Jordan border price of $1.73 per barrel. The price is made up of $1.43 f.o.b. eastern terminus of pipeline, plus 20 cents actual pipeline transit cost to Saudi Arabian-Jordan border, plus 10 cents profit. The higher price basis, $1.73 per barrel, will increase SAG's share of profits only by one-half of the 10 cent profit figure, or by 5 cents a barrel.

The company is undecided on a settlement price for the crude oil shipped by water from Ras Tanura. It is aware of the possible impact on these price negotiations, of the current MSA-Department of Justice action on the price of Arabian crude shipments to Western Europe under ECA/MSA financing. (In response to a request by ECA/MSA, the Justice Department has recently transmitted a claim to the stockholding companies in Aramco for a refund of the overcharge for Arabian crude financed by the ECA/MSA up to date. These claims total from 50 to 75 million dollars.)

The price on which the 50/50 profit sharing arrangement is based is $1.43 a barrel whereas the quoted price at Sidon is $2.41 a barrel. SAG would like to participate in the Sidon price. In this connection, IPC has agreed on a price at the Syria-Iraq border of $1.74 a barrel and it is likely that this aspect of the IPC agreement will strengthen the SAG position. IPC has also agreed on a price of $1.51 at Fao, which is also in contrast to Aramco's $1.43 price basis. Mr. Duce stated that this price question is the most difficult problem between the company and SAG.

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Resumption of the discussions between the company and SAG were orginally scheduled for April 22 but will be delayed for a week or so. [2]

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[2] When the Aramco negotiators returned to reopen the discussions on Apr. 25, the Minister of Finance refused to deal with a group headed by Ohliger because he wanted to deal only with the top Aramco people. Arrangements were then made for the chairman of the board and president of Aramco to head the negotiating team and discussions resumed on May 5. Most of the conversations were on oil prices, before an amicable adjournment of the negotiations on May 15 at the request of the Saudi Arabian Government. Further discussions were to be postponed for the duration of Ramadan, from May 25 to June 23, and it was considered possible that they might not begin again until fall. (Telegrams 631 and 633 from Jidda, Apr. 30; 646, May 5; 662, May 14; and 678, May 20) Documentation is in Department of State file 886A.2553. For information on the resumption of negotiations later in the year, see Document 271.

No. 253

886D.2553/4-2552

Memorandum of Conversation, by David Longanecker of the Office of African Affairs

CONFIDENTIAL WASHINGTON, April 25, 1952. [1]

Subject: Discussion of American Independent Oil Company Operations in the Neutral Zone.

Participants: NE—Mr. Jones
NE—Mr. Awalt
NE—Mr. Funkhouser
AF—Mr. Longanecker
Mr. Harley Stevens—American Independent Oil Company

Following a brief summary of observations relating to current political conditions in the Persian Gulf area, Mr. Stevens stated that he had three specific items to discuss with the Department.

The first item concerned the status of the company's drilling operations. Their fifth exploratory well is down to 4500 feet and prospects at this stage are not too promising. The well is being drilled about five miles south of Khor Mufada, in the southeastern corner of the Neutral Zone, about sixteen miles above the Saudi Arabian border and within sight of the Gulf. If this is another dry hole, some of the stockholders in the American Independent Oil Company (hereinafter referred to as Aminco) may be disposed to withdraw from the company. Any stockholders in Aminco who wish to withdraw must give the other stockholders the first option to purchase their stock participation. Mr. Stevens feels that the Phillips Petroleum Corporation, by far the largest stockholder in Aminco, will wish to continue exploration in the Neutral Zone, at least until the completion of exploration wells in each of four remaining promising structures. He feels that one location which should be tested lies due south of the Brughan field in Kuwait, just across the border in the Neutral Zone, which would seem to be located on the natural extension of the Burghan producing basin. Mr. Stevens also feels that Aminco's equal partner, the Pacific Western Oil Company, which holds a concession from SAG for the latter's half interest in the Neutral Zone, will also wish to continue operations in the Neutral Zone even if the fifth exploration well now being drilled turns out to be a dry hole.

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[1] This memorandum of conversation was prepared on May 7.

After some discussion of the point, it was decided that the proper course of procedure for Mr. Stevens is to approach Colonel Drake of the Gulf Oil Corporation, the American partner in the Kuwait Oil Company, for the desired information. Mr. Stevens felt that this procedure would be successful and, if not, he would communicate again with the Department. It was agreed also that in the latter event the Department might appropriately take the matter up with the British Foreign Office, suggesting that it would appear to be appropriate for the Foreign Office to assist Mr. Stevens in this matter.

With respect to the islands previously mentioned, Mr. Stevens stated that Aminco intended to keep them within its concession as long as possible, but must either give them up or begin drilling on them within three years. Another provision requires the company to pay the Sheik $50,000 at the end of five years. Either of these two obligations, depending upon circumstances existing at the time these periods approach an end, may decide the company to release the islands from the concession.

Mr. Jones asked whether Mr. Stevens has heard any reports or has any opinions on whether the British are thinking or working on a confederation of the Shiekdoms in the Persian Gulf area. Mr. Stevens said he feels that there is something going on along this line but does not have any clear ideas on the subject. There may be some ideas of bringing about a confederation of Iraq and Kuwait which would seem to be one of the more logical combinations. Whether current ideas go beyond this point he does not know. He does feel that the British are very anxious to consolidate their position in this last remaining stronghold of British economic interest.

No. 254

800.054/5-652

Memorandum of Conversation, by William McMaster of the Petroleum Policy Staff

SECRET [WASHINGTON,] May 6, 1952.[1]

Subject: Discussion of Federal Trade Commission Report on International Petroleum Cartels with Representatives of the British Embassy.[2]

Participants: Mr. D. A. Greenhill, First Secretary, British Embassy

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[1] This memorandum of conversation was prepared on May 9.

[2] For additional documentation on this FTC report, see vol. I, Part 2, pp. 1259 ff.

Mr. J. A. Beckett, Petroleum Attaché, British Embassy
Mr. R. W. Bailey, British Embassy
Mr. Eakens, Miss Mims, Mr. McMaster—PED

Mr. Greenhill summarized a communication received from the British Foreign Office which indicated that if the FTC report cannot be suppressed the British would favor its publication as soon as possible in order to prevent fragments of the report from leaking to the press and stimulating more interest and doing more harm than outright publication. If the report is to be published they would like to obtain a copy as soon as possible so as to be prepared to meet any possible repercussions. They also believe that it would be desirable for the oil companies involved to have an opportunity to see the report and also to be in a position to rebut the charges made against them.

The British were advised of the nature of the Department's position in respect to publication of the report. What the report will probably say when and if published was discussed in general terms with particular reference to the history of the Iraq Petroleum Corporation, which is likely to be the most damaging section of the report.

The British representatives stated that their main concern at this time was to provide their Government with advice regarding the action it should take to counteract the impact of publication.

In view of the nature of the charges made in the report and the continuing uncertainty that it will be published, Mr. Greenhill stated that he would advise his Government that for the present they should be thinking up explanations of the charges in the event of publication.

The British representatives felt that publication of the report would of course have serious implications in the Middle East area. They are aware that similar charges have been placed against the oil companies in the past by some Middle East Governments but recognize that publication of the FTC report will tend to confirm those charges.

Before leaving the meeting Mr. Greenhill stated that Mr. Howard A. Cowden, Secretary of the International Cooperative Petroleum Association, has requested a meeting with the British on May 12 to discuss ICPA's proposal for a solution of the Iranian oil controversy. Mr. Eakens stated that Mr. Cowden had discussed ICPA's proposal with officers of the Department and that he had been advised that there was no objection to his discussing the proposal with the British but that we had asked him to check back with the Department before he undertook any discussions with Iran.

Mr. Greenhill believed that the British would probably try to discourage ICPA from entering the controversy and wondered to what extent they could go in advising Mr. Cowden of their reasons for discouraging ICPA action. Mr. Eakens said that Mr. Cowden had in the past abided by the advice of the Department in this case and that he believed Mr. Cowden to be completely reliable.

No. 255

886A.2553/5-752

Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula Affairs (Awalt)

CONFIDENTIAL [WASHINGTON,] May 7, 1952.

Subject: British Inquiry on Current Saudi Arabian Oil Negotiations.

Participants: Mr. Denis Greenhill—British Embassy
NE—Mr. Jones
NE—Mr. Kopper
NE—Mr. Awalt

Summary:

Mr. Greenhill called at his request to say that he had a telegram from the Foreign Office reporting information received in London that in the current SAG-Aramco negotiations the SAG was demanding various additional rights which might upset the oil stability of the Persian Gulf. The Foreign Office wished to ascertain whether there was any truth to the reports. In particular the telegram said that Saudi Arabia was asking for 50 percent membership in the Board of Directors; relinquishment of one-half the Aramco concession area by the end of five years; a penalty on non-production of oil; and Saudi Arabian operation of the oil company in time of war. [1]

Mr. Greenhill was told that there was some substance to some of these points but that we knew of no demand on the part of the SAG that it should operate the oil fields in time of war. Mr. Jones added that there was nothing in the current negotiations which would upset in any way the 50-50 division of profits and if a demand for a greater Saudi Arabian share should develop, we would certainly know about it well in advance. Mr. Greenhill said he hoped that advance information would be available so that other oil interests would not be caught by surprise as they were in December 1950.[2] He added in this respect that that had much to do with their difficulties in Iran. Strong exception was taken to this statement by Mr. Jones, and Mr. Kopper pointed out that Mr. McGhee had warned the Foreign Office over a year before this agreement of the probable trend of events in Iran and Saudi Arabia. Mr. Kopper also pointed out that the 50-50 Aramco arrangement was not a precedent but was the only reasonable arrangement that could be made in the face of the Venezuelan and Indonesian concession arrangements. In so far as the other demands reported by the Foreign Office were concerned, it was suggested that they might well constitute asking points of the SAG and Aramco might be expected to argue them firmly before making compromise settlements, if any.

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[1] See Longanecker's memorandum of conversation of Apr. 21, Document 252.

Mr. Jones suggested to Mr. Greenhill that he should get in touch with Mr. Duce of Aramco for a fuller discussion of the present negotiations and Mr. Greenhill said that he would endeavor to do so.

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[2] For documentation on the Aramco-Saudi Arabian agreement of Dec. 30, 1950, see *Foreign Relations*, 1950, vol. v, pp. 9 ff. and *ibid.*, 1951, vol. v, pp. 268 ff.

No. 256

Editorial Note

Despatch 639 from Beirut, May 28, transmitted to the Department of State copies of the completed agreements negotiated by the Trans-Arabian Pipeline Company (Tapline) with the Governments of Lebanon and Syria. The agreements with Lebanon consisted of three letters, each dated May 17, and signed by the Lebanese Prime Minister Sami Bey Solh and C. A. Swigart, President of Tapline. The first letter covered the disposition of crude oil entitlement and the right to import and export currencies and foreign exchange at the free market rate. The second covered an increase in the loading fee, and the third consisted of a collection of small items. The agreement with Lebanon was to be effective on the date of signature, May 17. The Syrian agreement consisted of one document, signed on May 21 by Swigart and Fawzi Selo, the Chief of State and President of the Council of Ministers. It was similar to the Lebanese agreement but was to come into force upon ratification by the Syrian Government.

Despatch 653 from Beirut, June 3, transmitted a copy of the Iraq Petroleum Company Heads of Agreement, with Appendices, negotiated between the company and the Lebanese Government. It had been signed on May 15 by Sami Solh and S. Belgrave, for the IPC. The agreement was to be submitted to the Parliament for ratification within the next few weeks but, since it had been approved by the President and Prime Minister, little opposition was expected. Documentation on this topic is in Department of State file 883A.2553.

No. 257

880.2553/6–652

Memorandum by David Longanecker of the Office of African Affairs to the Deputy Director of the Office of Near Eastern Affairs (Kopper)

CONFIDENTIAL [WASHINGTON,] June 6, 1952.

Subject: Conferences with major oil companies in New York on June 2–4.

In accordance with your suggestion, I accompanied Mr. Moline and Mr. Ortiz to New York for the conferences they arranged for June 2–4 with officials of the major oil companies concerned with foreign production, refining and marketing operations, particularly in the Middle East. These conferences were arranged to give the appropriate officials of the companies an opportunity to meet and discuss their problems, current and anticipated, with Messrs. Moline and Ortiz before their departure this month for their assignments as Petroleum Attachés to London and the Middle East, respectively.

We met with officials representing the (1) Asiatic Petroleum Company on Monday morning; (2) Socony Vacuum Oil Company on Monday afternoon; (3) Standard Oil Company of New Jersey on Tuesday morning; (4) Aramco followed by Standard Oil Company of California Tuesday afternoon; (5) California–Texas Oil Company on Wednesday morning; and (6) Gulf Oil Corporation Wednesday afternoon. The discussions were very cordial, and the principal points may be summarized as follows:

(1) The companies all feel they will be faced with continuing governmental demands for larger payments for producing concessions and transit rights in the Middle East. All share the opinion in varying degrees that some means should be developed to stabilize their position on bases which are equitable to both the governments and the companies. Aramco, however, appears to feel that for the time being the companies must struggle along on their own

with the customary degree of informal assistance from the Department. At the same time, there is a general feeling that the U.S. and UK Governments should be working on developing a solution to the problem in view of the security interest involved. The companies do not have any clear ideas of how their position might be stabilized, but are giving the problem serious thought in the expectation that it will continue to grow worse and requires solution sooner or later.

Inquiry revealed that all of the companies are increasingly conscious of the need for greater attention to public relations, including company activities such as vocational-academic training-on-the-job, medical services, social facilities, etc. Cal-Tex reported they have led the way in on-the-job-training in their Bahrein production and refining operations which have been followed by Aramco in Saudi Arabia and Gulf Oil in Kuwait. Other contributions by the companies include foreign scholarships for eligible local people; funds for public buildings, hospitals, schools; the drilling of water wells for local use throughout the areas in which they operate, but the more the companies give, the greater are the demands (a nouveau riche behavior pattern on the part of the governments). The situation grows increasingly unpalatable to the companies operating in those countries where the Rulers have relatively tremendous incomes of which very little is used for improving the health, productivity and welfare of their people.

(2) One company commented on the withdrawal of the Superior Oil Company from Qatar, to the effect that (a) Superior's relinquishment of its offshore concession had not had any noticeable salutary effect on the attitude of the other governments toward the oil companies operating in their territory, and (b) Superior did not give up its concession because of lack of confidence in its future relations with the Shiekhdom but because of financial developments in the company's U.S. operations.

The industry also doubts that Iran's predicament resulting from the extreme action taken by the Government against AIOC has had any moderating influence on the other governments in the area. The consensus appears to be that the other governments are fully conscious of the adverse effects of the Iranian Government's extreme action, have little sympathy for that Government, but consistent with the behavior pattern of the "nouveau riche" will continue for some time to face the companies with ever-increasng demands short of nationalization.

(3) The companies are in general agreement that the annual rate of increase in world oil demand will gradually drop to a 6–8 percent annual rate of growth. Crude oil supplies will be adequate but

the margin over demand will remain close if Iranian production is not resumed.

(4) The relationship between refinery capacity and products demand will also remain very close despite the new refineries under construction or planned. Here again, resumption of crude production in Iran and reopening of the Abadan Refinery would provide a more comfortable margin between products output and demand.

(5) The transportation situation, despite the substantial tanker building program, will also remain in close balance. Tanker rates are expected to remain above the USMC rate, and may be again very high during the coming winter as the tanker market is very sensitive to even slight variations between tanker supply and demand.

(6) The companies generally realize they may again face a dollar-sterling oil problem, the substitution of "sterling" for "dollar" oil in markets long on sterling and short of dollar exchange. The first impact of substitution would be on Western Hemisphere dollar oil shipments to Eastern Hemisphere markets, the second would be on Arabian oil for Eastern Hemisphere markets. Cal-Tex is not too pessimistic over the outlook, feeling that the British Treasury will be sufficiently flexible with respect to the arrangements made several years ago under which the company is permitted (a) to sell dollar oil for sterling in sterling areas as well as in some third countries, and (b) to obtain dollars from the British Treasury for reasonable profit remittances and dollar cost elements in the oil sold. Standard of New Jersey and Socony-Vacuum would be most affected by reappearance of the dollar-sterling oil problem. Gulf Oil is not involved in this marketing problem, as most of its 50 percent share of Kuwait production is taken by Shell under a long-term contract and the remainder shipped to refineries in the U.S.

Mr. Moline pointed this problem up by mentioning that Japan has a burdensome accumulation of sterling and a shortage of dollars, and oil appears to be the major item which the Japanese might acquire with sterling. While the American companies appreciate the possibility of currency developments favoring greater purchases of sterling oil, they find some comfort in the belief that the British companies cannot produce, in the continued absence of Iranian supplies, any appreciable quantity of oil beyond their normal share of the world market.

(7) Aramco expressed some concern over the possibility that with the federation of Eritrea with Ethiopia, the Ethiopian Government would, in favoring the Government-owned Ethiopian Airline, interfere with the company's present arrangements under which it flies its own planes and when necessary charters Air Djibouti planes to

transport personnel and foodstuffs from Eritrea to Dhahran. Mr. Duce was informed that the Department is now looking into this matter, as we are interested in both the company's needs for labor and foodstuffs from Eritrea and the important economic contributions these activities make to the Eritrean economy.

(8) In the meetings with Standard of New Jersey and Aramco, Mr. Moline asked whether the companies had any views on the possibility of the development eventually of a separate price structure for Middle East oil based on its natural Eastern Hemisphere market, i.e., independent of the Gulf Coast price basis.

On this point, the company representatives expressed the possibility that as the Eastern Hemisphere petroleum market is supplied increasingly from Middle East and other non-Western Hemisphere sources, a price structure independent of the U.S. Gulf Coast may develop. The matter was considered interesting and deserving of consideration, as fuel oil, by far the major product quantity-wise from Middle East crude, is priced too low, in the opinion of the companies, in relation to both the price of crude oil and of coal with which it competes in the European and other Eastern Hemisphere fuel markets. At least a theoretical case can be made for this viewpoint, as the price structure for Middle East crude and products is based on the U.S. Gulf Coast price pattern which in turn is based on the dominant position of the higher-priced lighter products (particularly gasoline) in both (1) the product yield pattern of Western Hemisphere crude and (2) the product demand pattern in the Western Hemisphere market. The petroleum industry developed primarily on the basis of demand of gasoline and kerosene (and lube oils), with the heavier products considered as residuals to be minimized in refinery yields and priced accordingly. In general outline, this price pattern still holds and does not fit either the product yield pattern of Middle East crude in which fuel oil (which is priced at less than the crude oil from which it is derived) predominates, or the demand pattern of the Eastern Hemisphere market in which the lower-priced products, kerosene, distillates, and fuel oil predominate.

No. 258

780.5 MSP/6-1252

Memorandum by the Deputy Director of the Office of International Materials Policy (Evans) to the Deputy Assistant Secretary of State for Economic Affairs (Linder) [1]

RESTRICTED WASHINGTON, June 12, 1952.

Subject: Future MSA Financing of Crude Oil

Mr. W. John Kenney, Deputy Director of MSA, has advised the Department that MSA intends to take action this week with respect to future financing of crude oil shipments to participating countries. MSA is considering the following two possible courses of action:

(1) Notify the oil companies involved that shipments of Middle East crude oil priced in excess of a specified price per barrel (maximum price to be specified by MSA, probably $1.43 per barrel f.o.b. Persian Gulf ports) are not eligible for MSA financing.

(2) Remove crude oil from the list of commodities eligible for MSA financing.

The need for MSA action along the lines indicated is the result of the Middle East crude oil price controversy between MSA and the American oil companies which export Middle East crude oil to participating countries at $1.75 per barrel f.o.b. Persian Gulf ports and at the same time export the same crude to Western Hemisphere customers at $1.43 per barrel. MSA contends that the price charged on shipments to the Western Hemisphere is the maximum price eligible for MSA financing of Middle East crude oil under MSA Regulation 1. A claim for reimbursement of the overcharge on past shipments has been turned over to the Department of Justice. MSA is now concerned with the course of action to be followed in the future in respect to the price of Middle East crude.

The possible courses of action indicated have been discussed with BNA, WE, CA and OFD who all agree that this is a decision for MSA to make after they have carefully considered the impact of their action on the participating countries.

There is a strong tendency, however, to favor the first course of action for the following reasons:

(a) The participating countries rely on Western Hemisphere sources for special types of crude which should continue to be financed by MSA;

(b) A reduction in Middle East crude prices is more likely to be achieved if MSA financing continues to be available in the event the companies, or any one of the companies, elect to ship at a price eligible for MSA financing. If MSA financing is not available, as would be the case under the second course of action, the burden of obtaining a price reduction would be entirely on the participating countries; and

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[1] This memorandum was drafted by McMaster.

(c) Removal of crude oil from the list of commodities eligible for MSA financing would immediately raise questions as to the logic of continuing to finance refined petroleum products. The first course of action would avoid raising this issue unnecessarily.

The only real argument in favor of the second course of action is that the participating countries will eventually have to face up to the problem of providing the dollars necessary to meet their dollar crude oil requirements, so there is no real reason for delaying that eventuality.

We have also considered the possibility that a refusal on the part of the oil companies to sell Middle East oil to the participating countries at a price acceptable to MSA might have the result of diverting purchases to the Western Hemisphere at a higher price and thus result in an unnecessary drain on MSA resources. MSA, however, has assured us that this cannot happen and that they would not finance increased purchases in the Western Hemisphere which might result from any action taken by MSA.

On the basis of these views, it is recommended that the Department advise MSA that the course of action to be followed is a decision for MSA to make, but of the two courses of action being considered the Department would prefer the first.

As long as Mr. Kenney requested the Department's views by telephone, it seems to me that an expression of our views to MSA by telephone would be appropriate. Do you want to call Mr. Kenney, or shall I?

No. 259

880.2553/6-2052

Memorandum of Conversation, by William McMaster of the Petroleum Policy Staff

SECRET WASHINGTON, June 20, 1952.[1]

Subject: Anglo-American Oil Policy for the Middle East
Participants: Messrs. D. A. Greenhill, R. W. Bailey and J. A. Beckett, British Embassy
Mr. Funkhouser—NE

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[1] This memorandum of conversation was prepared on June 25.

BEST COPY AVAILABLE

Mr. Longanecker—AF
Mr. McMaster—PED

This was the second in a series of meetings with respect to Anglo-American oil policy for the Middle East [2] as requested in a British memorandum submitted to the Department on March 24, 1952. [3] The following subjects were discussed:

1. *Department position with respect to each of the points raised in the British memorandum of March 24, 1952.* Mr. Greenhill stated that the primary reason for requesting this meeting was to determine the status of the *Aide-Mémoire* which Department representatives had agreed to prepare for submission to the British, outlining the Department's position with respect to an Anglo-American oil policy for the Middle East. The Department informed the British that the Department's position was being developed and that as soon as it is completed an *Aide-Mémoire* outlining the Department's position would be submitted to the British Government. Mr. Greenhill said that the Heads of British Overseas Missions are presently meeting in London and he had hoped that the Department's position had progressed to the extent that he would be able to inform this group as to the likely course to be followed regarding an Anglo-American oil policy for the Middle East. Inasmuch as the Mission Heads' meeting is scheduled to adjourn within the next few days, Mr. Greenhill was informed that it was not likely that a Department position would be available for that purpose.

2. *Regularizing informal U.S.-U.K. meetings on Middle East oil policy.* The British representatives requested the Department's views with respect to establishing a regular meeting date for these informal U.S.-U.K. discussions on Middle East oil policy. It was agreed that these informal meetings would be held once a month, but if developments in the Middle East required, the meetings would be held more frequently. It was therefore agreed that the next meeting of this group would be held on July 14, 1952 at 3:00 P.M. [4]

3. *Discussion of FTC Report on the International Petroleum Cartel.* Mr. Greenhill asked if any new developments could be reported regarding the status of the FTC Report on the International Petroleum Cartel. The British were advised that the information presented to them in the meeting of May 6, 1952 on that subject

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[2] The first meeting was held on Apr. 18; see the memorandum of conversation, Document 251.

[3] Not found in Department of State files.

[4] The date of this meeting was later changed to Aug. 5; see the memorandum of conversation, Document 263.

remained unchanged and that there had been no new developments.[5]

4. *Aramco-Saudi Arabian Government negotiations.* Mr. Greenhill stated that he had been informed that the firm of McNaughton-DeGolyer had agreed to act as consultants to the Saudi Arabian Government on several of the issues which have not been settled in the current SAG–Aramco negotiations.

The British were advised that officials of Aramco had met informally with Department officials earlier in the day regarding the status of the SAG negotiations, but as none of this group had attended that meeting we were unable to confirm the British information.

5. *Discussion of construction of Syrian oil refinery.* The British were advised that the Department and the IBRD are presently studying a Syrian Government request for the construction of a 12,000 to 20,000 barrel per day oil refinery. They were also advised that the subject had been discussed with U.S. oil companies but that the companies had not indicated any interest either in constructing a refinery for their own account or in operating a refinery for the account of the Syrian Government.

Mr. Beckett said that in compliance with a request from the Department he had requested the British Government's views regarding the refinery but had not yet received a reply.

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[5] See the memorandum of conversation, Document 254.

886A.2553/6-2052

No. 260

Memorandum of Conversation, by Robert Sturgill of the Office of Near Eastern Affairs

CONFIDENTIAL WASHINGTON, June 20, 1952.[1]

Subject: (1) Oil Advisory Firm Selected by the SAG.
(2) An Independent Advisor to Prince Mish'al.
Participants: Aramco—
J. Terry Duce, Vice President, Government Relations.
Floyd W. Ohliger, Vice President, Concession Affairs.
Garey Owen, Company Representative to the SAG.
NE—Mr. Hart
NE—Mr. Sturgill

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[1] This memorandum of conversation was prepared on June 23.

Summary:

Mr. Duce brought Mr. Ohliger and Mr. Owen, who recently returned to the US from Dhahran for a brief visit, into the Department for an informal meeting with Mr. Hart. Mr. Ohliger said he would remain in the US for about two or three weeks. Mr. Owen said he was returning to Saudi Arabia on June 30.

After briefly referring to the background of the SAG–Aramco negotiations, which are in temporary suspension by mutual agreement, [2] Mr. Ohliger said the SAG had chosen the firm of DeGolyer and McNaughton of Texas to advise the Government on certain aspects of the negotiations. The firm, Mr. Duce said, is known to be extremely competent on oil pricing problems, and Aramco officials are pleased over the selection. He outlined briefly how the Texas firm was chosen: Following suspension of the discussions, Sheikh Abdullah Suleiman had cabled the Saudi Arabian Ambassador in Washington for assistance in choosing three advisors, one Mexican, one Venezuelan, and one Canadian. The Ambassador had spoken to him (Duce) about it and then had discouraged this request, pointing out to the Finance Minister that Mexico had no real oil industry and therefore no advisors, that Venezuelan oil competed directly with Saudi oil, and that if it were a Saudi desire to keep the British out of the country as much as possible, then a Canadian should not be named. The Ambassador recommended DeGolyer and McNaughton. This firm, Mr. Duce added, also is a consultant for the US Navy.

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[2] See footnote 2, Document 252.

No. 261

800.054/7–752: Telegram

The Acting Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, July 8, 1952—5:48 p. m.

149. Embtel 89. [2] Release or leak FTC Report not believed imminent. However Pres has indicated willingness make report avail-

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[1] Drafted by McMaster and cleared by E, OMP, EDT, BPT, and BNA.

[2] Not printed; it asked the Department of State if release or a leak of the FTC Report was imminent. The British Ministry of Fuel and Power was preparing a statement on the report, which he had heard would be released, and the Embassy requested guidance. (800.054/7–752)

able Cong comites on confidential basis at their request. Brit Petroleum att so advised which may be basis Brit info that report likely be released soon.

Position Dept will take in event report pub not yet decided and you may so inform Brit.

FYI only Pres has requested Attorney Gen institute appropriate legal proceedings with respect to operations of internatl oil cartel.[3] Pres also requested State and other US agencies to cooperate with Attorney gen on gathering evidence required for these proceedings. For past several months Dept has been developing position to present to US oil cos looking toward basic improvement in practices of internatl oil industry but in view pending Dept of Justice proceedings not decided what action if any along these lines will now be taken.

Sonj considers it must answer rumors recently appearing pub press re FTC Report involving Sonj fon operations and ltr presenting Sonj position will be sent to stockholders and employees of Sonj and press this week. Copy Sonj ltr and copy FTC Report being sent via air pouch today.

Bruce

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[3] For additional documentation, see vol. I, Part 2, pp. 1259 ff.

No. 262

800.054/7-2852

Memorandum by the Deputy Assistant Secretary of State for Economic Affairs (Linder) [1]

CONFIDENTIAL [Washington,] July 28, 1952.

Subject: Grand Jury Investigation of the Cartel Activities of the International Oil Companies.

On June 23 the President sent the Secretary the attached memorandum.[2] You will note that the President had requested the Attorney General to institute appropriate legal proceedings with respect to the operations of the international oil cartel, and that he asked the Secretary to cooperate with the Attorney General in gathering the evidence required for the proceedings.

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[1] Drafted by Eakens and sent to Byroade, Miller, Perkins, Allison, and Fisher.

[2] The memorandum, dated June 23, not printed, was also sent to the Federal Trade Commission and the Secretaries of Defense, Interior, and Commerce. It informed them that the President had requested the Attorney General to institute the appropriate legal proceedings with respect to the operations of the international oil cartel, and he asked the recipients of the memorandum to cooperate in gathering evidence required for the proceedings.

On July 17 the Attorney General announced that a Federal Grand Jury would shortly begin investigating the activities of the international oil cartel.

Followng receipt of the President's memorandum, Justice was informed that the Department would cooperate with them in the investigation, and that Mr. Eakens of the Petroleum Policy Staff and Mr. Dixon of the Business Practices and Technology Staff had been designated as liaison officers with Justice in this matter. A copy of the letter to Justice is also attached.[3]

In addition to the Grand Jury investigation of the oil companies, there are indications that one or possibly more Congressional committees in the next Congress will investigate the activities of the international oil companies.

I believe it is desirable for each office in the Department to determine what information its files may contain that may be relevant to these inquiries. I believe that it would also be useful if you would designate someone in your office to work with Mr. Eakens and Mr. Dixon on this problem.

Preliminary discussions are taking place with Justice to determine the scope and nature of the charges that will be presented to the Grand Jury. While no time has yet been set for the Grand Jury investigation, action appears to be imminent and it is desirable for the Department to be prepared as soon as possible.

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[3] Not printed. The undated letter from the Secretary of State to the Attorney General acknowledged receipt of the President's memorandum and promised to make the facilities of the Department of State available to the Department of Justice. The Secretary of State appointed Roger Dixon, Chief of the Business Practices and Technology Staff, and Robert Eakens, Chief of the Petroleum Policy Staff, liaison officers with the Department of Justice officers concerned with the investigation. The Department of State letter was drafted on June 27 by Dixon. (800.054/7-2852)

No. 263

880.2553/8-552

Memorandum of Conversation, by the Chief of the Petroleum Policy Staff (Eakens)

SECRET [WASHINGTON,] August 5, 1952.[1]

Subject: Continuation of Discussions with the British Embassy on Anglo-American Oil Problems.

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[1] This memorandum of conversation was prepared on Aug. 13.

Participants: Mr. J. A. Beckett, British Petroleum Attaché
Mr. R. W. Bailey, First Secretary, British Embassy
Mr. Longanecker—NE
Mr. Eakens—PED

This was the first general discussion of Middle East oil problems held with the British since June 20, 1952.

The postponement of the monthly meeting, which it had generally been decided to hold, resulted from the fact that there was some feeling in the Department that American and British company problems in the Middle East could not be very usefully discussed intergovernmentally until the implications of the FTC Report and the grand jury investigation of the international oil companies had become clear. It was decided that there was no objection to holding these discussions provided there was no attempt to reach agreement on such problems, and it was on this basis that this meeting was held.

The meeting was convened at the suggestion of the British who said that they had some matters which they wished to discuss. The one subject which the British representatives discussed at some length was the question of a decentralization of the activities of the oil companies in the Middle East. Mr. Beckett began the discussion by outlining the U.K. views on decentralization. These views are as follows: They feel that the British companies are in a somewhat different position than Aramco in respect to establishing their headquarters in the Middle East. They doubt that it would be advisable or wise for IPC, which is the one British company in operation in the Middle East at the present time, to establish its headquarters in Baghdad. . . .

The British view some decentralization with favor. They think there should be more decentralization than now exists but less than what Aramco has agreed to. Their idea is to establish four main areas in the Middle East and to have an IPC managing director in charge of each who would report directly to London. The four areas would be Iraq, Syria, Lebanon and the Persian Gulf area. This new arrangement would differ from that now existing in that Tripoli as the regional headquarters in the whole Middle East would be eliminated. Discussions brought out that having Middle East operations directed from Tripoli is not a happy arrangement. One thing mentioned in this connection was the fact that it is difficult to bring non-Lebanese employees into the regional headquarters at Tripoli. As a side comment, Mr. Beckett said that this scheme of decentralization is a program that Gibson of IPC is trying to sell but has not yet sold to the partners in IPC.

Mr. Beckett inquired whether it is in fact true that a new oil discovery has been made in Iran about fifty miles south of Tehran. He said that he had noticed in the press that such a discovery has been made and that the initial well would make one thousand barrels per day. Mr. Eakens confirmed that a discovery has been made but the well made gas, oil and water, and it was not certain whether it was a commercial producer. He said that while it was possible that an important discovery had been made, this should be proved by the next well which, on the basis of the information gained from the drilling of the first three wells, should be located more nearly on the structure.

There was brief mention of the amendment in the Egyptian company law which permits major ownership by foreign nationals in Egyptian corporations. Mention was also made of the suspended negotiations between Aramco and SAG. Neither of these topics was discussed on any substantive basis.

Mr. Beckett observed that he had noticed that Turkey seemed to be interested in trying to get foreign companies to come there to engage in oil operations. On questioning, he agreed that Turkey was not a first-class prospect, that it would be a difficult and rugged country for an oil company to operate in, and that there would not be any rush of companies to Turkey.

No. 264

887.2553/9-352: Telegram

The Secretary of State to the Embassy in Iraq [1]

CONFIDENTIAL WASHINGTON, September 4, 1952—1:21 p. m.

249. Embtel 102 Jul 24 [2] and 296 Sept 3. [3] Brit Emb Rep reported that Brit Emb Baghdad was approached by Iraq min econ re exten-

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[1] Drafted by Funkhouser and cleared in draft by PED, BNA, and WE. Repeated to London, Paris, Cairo, Jidda, Moscow, Tel Aviv, Damascus, Beirut, Amman, and Jerusalem.

[2] Not printed; it reported the French Minister had told an Embassy officer Iraq was formulating a proposal to the IPC to build the extension from the Haifa pipeline to the coast of Lebanon. The Iraqi Under Secretary for Foreign Affairs told the French Minister the time had come for IPC to either abandon the idea of using the Haifa pipeline or to divert it through Arab territory. (887.2553/7-2452)

[3] Not printed; it informed the Department of State that the Minister of Economics, on instructions from the Prime Minister, asked the IPC's Baghdad Manager to consider diverting the Haifa pipeline to the Mediterranean coast outside Israel. His argument was that settlement of the Jewish-Arab controversy was unlikely in the near future, and the Haifa pipeline, which was lying idle, could accommodate exports of 7 million tons of crude oil. The Embassy considered the proposal fraught with political implications, especially in view of Israel's inclination to nationalize the Haifa refinery. (887.2553/9-352)

sion "Haifa" pipelines [4] from Mafrag, Jordan to Sidon, Leb. Iraq Min planned approach company but desired Fon Office views before hand.

Brit FonOff preliminary position is that it will not take sides in controversy, will not press IPC to comply and will answer that matter subj for Iraq discussions with company which may strongly object on econ grounds.

Dept preliminary views which follow wld tend to support project on grounds of practicability but oppose project on principle:

(a) Completion of old twelve-inch line and unfinished sixteen-inch line to Leb coast wld utilize over one thousand miles of idle pipeline, increase Iraq revenues by some twenty million dols annually, improve IPC public relations in Iraq at time of FTC report, settle pipeline issue which has no appparent chance of settlement thru Israel in foreseeable future.

(b) This development which first raised by Fr in 1948 has seemed to Dept almost inevitable unless gen Arab-Israel *rapprochement* cld be effected. Unfortunately econ boycott does not appear to be decreasing in intensity with time.

(c) Econ grounds might not offer conclusive opposition to diversion. IPC is considered heavily extended financially in current expansion program which does not include "Haifa lines". Company also reported anxious recoup dividends before further commitments. However, diversion wld utilize two 550-mile pipelines which have been standing idle for four years with only a 75-mile stretch to sea uncompleted. Distance from Mafraq to Sidon is only 20 miles longer than from Mafraq to Haifa. Harbor facilities and mountainous terrain wld increase IPC costs which however shld quickly be amortized when line in operation. Brit partners in IPC wld thus find their Haifa refinery permanently dependent on tankers but this situation normal in oil industry and in any case appears only alternative available.

(d) Israel reaction wld presumably be strong altho they may be somewhat resigned to development at this point. Perhaps recent Israel claims re their own indigenous oil resources will serve to decrease importance this issue or cld be so utilized if necessary. Dept unaware that Israel Govt prepared or able make any concessions which wld reopen Haifa flow.

(e) Most important consideration in Dept's view is however that such diversion wld constitute blow to Dept's efforts reduce Arab-Israel enmity and its hopes to develop *rapprochement* in long run. Pipeline diversion wld fix positions, firmly establish Arab policy of long-term econ boycott, and futher insure isolation of Israel from ME to obvious detriment of peace in area. This unfortunately appears to be precisely what Arab states desire. Such condition might encourage Israel extremists to endeavor break econ boycott by force fol historic pattern.

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[4] For documentation on the suspension of crude oil movement through the Haifa pipeline in 1948, see *Foreign Relations*, 1948, vol. v, Part 1, pp. 4 ff.

Interested posts are requested to comment re this problem and particularly re practicability of (a) impressing Arab leaders with historic fact that danger of aggression may be increased if Arab imposed econ pressures become really effective; and (b) impressing Israeli Govt with argument that more efforts are needed on their part avoid provocative acts and to reach understanding with Arabs if pipeline diversion thru Arab territory is to be prevented. (a) raises question of over-all US policy re boycott which is currently under review.[5]

Problem will be discussed with oil companies to see if project can or shld be delayed further without jeopardizing IPC relations with Iraq Govt.

ACHESON

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[5] The Ambassador in Iraq, Burton Y. Berry, recommended that if diversion of the Haifa pipeline were economically feasible, the United States should not oppose it on political grounds since U.S. prestige in the Arab world already suffered from the Arab conviction that this country favored Israel. The Embassy believed any attempt to use the Haifa pipeline as leverage in bringing Arab-Jewish *rapprochement* would probably backfire. (Telegram 340 from Baghdad, Sept. 11; 887.2553/9-1152) Telegrams 1543, Sept. 17, and 1660, Sept. 11, from London, reported the most persuasive economic argument against diversion of the Haifa pipeline was the fact that the immediately anticipated Kirkuk production and the contemplated Mosul production together would probably not produce oil at a sustained rate beyond the capacity of the already existing northern lines. Documentation is in Department of State file 887.2553.

No. 265

PPS files, lot 64 D 563 "Strategic materials (oil)"

Memorandum of Conversation, by the Director of the Policy Planning Staff (Nitze)

CONFIDENTIAL WASHINGTON, September 19, 1952.

Subject: Problems of American Oil Company Operating Abroad

Participants:		
	State	*Arabian American Oil Company*
	The Secretary	Terry Duce
	Henry A. Byroade	Fred Davies
	Paul H. Nitze	

Mr. Duce began the conversation[1] by outlining the difficulties which his company and other American oil companies operating abroad were now in and foresaw in the future resulting from the Federal Trade Commission Report [2] and the subsequent grand jury investigation. He said that the impression had been created that the U.S. Government considered the American oil companies as being criminals or potential criminals; that this was having an adverse effect upon their effectiveness; and that it might very possibly lead to a decision by the host countries to conduct investigations themselves as to the propriety of the actions of the oil producing companies.

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[1] A memorandum dated Sept. 16, not printed, was sent by Byroade to the Secretary of State to brief him on his appointment with Davies and Duce. (886A.2553/9-1652)

Mr. Duce also referred to the problem created by the subpoena of all records and memoranda. These records included not only memoranda with respect to matters which were highly classified from the U.S. Government's standpoint, but also matters which would be extremely embarrassing to the host countries. . . .

The Secretary pointed out that the question of classified documents was under active consideration and, he felt, that some appropriate procedure would be developed for meeting this part of the question. [3]

Mr. Duce had with him a chart showing the oil reserves of various countries and their status as importing or exporting nations. He emphasized that the oil reserves of the Middle East were at least three times those of the United States; that the great majority of the peoples of the world lived in countries dependent upon imports of oil; that the population of countries that were large-scale exporters was relatively small. He said that the oil reserves in the Middle East were not only an important asset but, if one contemplated the alternative situation where they were under the control of the Communists, this would give them a very important trading asset with respect to all other countries that were dependent upon imports for their fuel supply. He went on to say that if no solution were found to the problem raised by the Federal Trade Commission Report, he thought it quite likely that developments would result which could completely undermine the position of American oil compaines operating abroad. He thought that operations had already been affected, and that worse developments were to be anticipated.

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[2] Department of State files contain an undated summary of the Federal Trade Commission's "Report on the International Petroleum Cartel." A handwritten, unsigned memorandum dated Mar. 31, presumably sent to Nitze, stated there had been a meeting on the subject the previous week, and Harold Linder wanted to discuss what should or could be done to avoid publication of the report at that time. (PPS files, lot 64 D 563, "Strategic materials (oil)")

[3] The matter under reference here was addressed in a letter, dated Sept. 3, not printed, by Parker T. Hart to Leonard J. Emmerglick, Special Assistant to the Attorney General. According to Hart, interagency agreement had been reached on Aug. 28 on a paragraph which the Departments of State and Defense and the CIA recommended sending to all the oil companies receiving subpoenas. The paragraph stated that material in the company's files covered by subpoena which required special handling for reasons of national security should be segregated and sealed with wax in heavy envelopes marked "Special Handling—Attention Mr. Leonard J. Emmerglick," so that the interested departments and agencies of the government might conduct a preliminary joint inspection of the material in cooperation with the Department of Justice. (S/P-NSC files, lot 61 D 167, "Oil Facilities in the Middle East") No answer from the Department of Justice has been found in Department of State files.

There was some discussion of the Federal Trade Commission Report, it being pointed out that most of the matter dealt with referred to the 20's and the 30's—problems which had been subsequently dealt with. Mr. Duce said that Aramco had tried to keep the State Department fully informed as to its actions, but no one was in a position to tell them what to do or what not to do.

Mr. Duce said that he had been considering what could be done about this situation. He said he felt that there was some analogy to the situation existing within the United States in the period prior to 1924. At that time there was unrestricted competition between the states, accompanied by various abuses. At that time, President Coolidge had appointed a Commission, consisting of the Secretaries of War, Navy, Interior, and Commerce. This Commission had made various recommendations which had eventually resulted in the interstate oil compact and its accompanying machinery. Mr. Duce said he felt that the time might have come when it would be appropriate to contemplate some similar commission to look into the problems of the national interest with respect to the operation of American oil companies abroad.[4]

The Secretary said that he also had been disturbed by the possible repercussions on our national interest of some of the consequences which might be expected to flow from the publication of the Federal Trade Commission Report. The British, among others, had registered their concern. He felt, however, that there were certain problems which should be considered in connection with Mr. Duce's suggestion. The first one of these was that useful action might be difficult prior to the election. In the heat of a campaign, either side might well make political capital out of whatever was done. Mr. Nitze said that even though this was undoubtedly a problem, he was not sure that something useful could not be begun.

The Secretary then raised a question as to the composition of any such commission. He wondered how useful a report by Cabinet officers could be whose terms of office were about to be expired. He also wondered whether a report by a commission, composed of outsiders appointed by this Administration, would be considered adequate by a subsequent Administration. The Secretary also said that a problem was presented by the relationship between the work of such a commission and the pending legal action. Clearly an investigation by a commission could not and should not infringe upon consideration of a case before the courts.

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[4] On Oct. 22, Duce called from New York to leave a message for Nitze, informing him that Duce had talked with Secretary of the Interior Chapman the previous day, and the Secretary had agreed to take up with the President the creation of a Cabinet Commission on the problems of national interest with respect to the operation of American oil companies abroad. (Memorandum of telephone conversation, Oct. 22; PPS files, lot 64 D 563, "Strategic materials (oil)")

The Secretary then asked what issues such a commission might consider and what type of recommendation it was envisaged such a commission might make. At this point the Secretary had to leave temporarily to receive a visiting ambassador.

In the ensuing discussion, the following points were developed. A Commission might find that the operations of American oil companies abroad were affected with a public interest going beyond the range of interest of the antitrust laws and affecting our security interests and our foreign relations. It might also find that certain of the problems involved, such as the relative rates of developments of one producing country as against another, the continued assurance of adequate supplies to consuming countries, and the general price relationships of oil and oil products at various locations affected the national interest of other countries in addition to those of the U.S. to such a degree that international arrangements rather than purely national ones might be required to adequately deal with the subject.

Mr. Duce said that he felt that the American oil companies would be prepared to make all information available to any commission which might be appointed and would fully cooperate with any recommendations which were made.

After the Secretary returned to the meeting, there was some discussion of other elements which bore upon the current situation of American oil companies operating abroad, including the MSA suit and the developments in Iran. With respect to the MSA suit, Mr. Duce said that he would prefer not to discuss the matter since his company was one of the companies involved. With respect to Iran, the Secretary asked Mr. Duce how much oil he thought Iran would be able to sell in the absence of a settlement with AIOC. Mr. Duce felt that they might be able to sell between 100–150,000 barrels per day, but he thought this would take a considerable period of time.

No. 266

887.2553/9-2452: Telegram

The Secretary of State to the Embassy in Iraq [1]

SECRET WASHINGTON, September 24, 1952—7:39 p. m.

341. Re Iraqi Govt proposal divert Haifa pipeline at Mafraq, Brit Emb Rep disclosed IPC wld reply to Iraqis along fol lines:

(1) Diversion wld be more expensive way transport extra oil which IPC already planning send through Northern line. Increase in capacity over Northern line by increasing pressure wld be quicker and wld cost one quarter as much.

(2) New alignment from Mafraq to Sidon wld mean considerable delay while new way leaves being negotiated with Lebs and Syrians. Also line wld be dangerously close Israel border.

(3) IPC plans send three million extra tons oil through North in 1952, further three million in 1953. This wld be carried out in manner which wld not defeat the object by glutting market and reducing prices. [2]

ACHESON

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[1] Drafted by Worcester and cleared by NEA. Repeated as telegram 2136 to London.

[2] Telegram 2327 from Paris, Oct. 15, informed the Department of State that IPC has answered Iraq's request to divert the Haifa pipeline by advancing alternate proposals which the Iraqi Government was studying. The Embassy reported the French had consistently pushed IPC for diversion, the British group was cool to the proposal because of the Haifa refinery, and the American group was neutral but had been largely instrumental in advancing the alternate proposals which had met with the approval of the IPC Board. (887.2553/10-1552)

No. 267

811.054/9-3052

Memorandum of Conversation, by the Secretary of State

CONFIDENTIAL WASHINGTON, September 30, 1952.

Participants: The British Ambassador
Assistant Secretary Byroade
Mr. Acheson

In the course of his call upon me this afternoon, the British Ambassador covered a variety of matters which will be reported by Mr. Byroade.

One matter which the Ambassador raised has to do with the attached draft letter [1] proposed to be sent from Her Majesty's Government to the British oil companies involved in legal proceedings in the United States under the anti-trust laws. The Ambassador asked me whether I had seen this letter and whether I had any comments to make regarding it. I said that I had seen the letter and that I thought the British Government would wish to reconsider the wisdom of sending it for two reasons:

1. The letter covered documents some of which might well be within the jurisdiction of the United States and subject to the orders of its courts. In regard to these documents which were very broadly and vigorously described so that their identification would have to be left to the discretion of the oil companies themselves, the letter directed they should not be provided in response to orders, subpoenas or requests made or issued in connection with the proceedings in the United States under the anti-trust laws. I felt sure that the British Government could not intend to direct British companies to disregard orders of the United States courts and that it would wish to study this phase of the matter further.
2. The letter also applied to documents which might be within the jurisdiction of the British Government or other governments than the United States. So far as those within the jurisdiction of Great Britain were concerned, British authority over them was very great indeed.

It might also be considerable over those in other jurisdictions. But even so, I doubted whether the British Government would wish out of hand to direct its subjects not to produce papers so broadly and vaguely described. Although the British interest in these papers was undoubted, the British Government might well consider it wise to discuss this matter with the legal authorities in the United States before coming to so drastic a conclusion.

The Ambassador thanked me for my comments and said that they would be given careful consideration.

D[EAN] A[CHESON]

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[1] Not printed. The letter stated the British Government considered it contrary to its national interest for British oil companies or British nationals to provide information relating to their business outside the United States, which might prejudice the conduct of business or endanger the economic, strategic, or political interests of the Western powers, in response to subpoenas issued in connection with antitrust proceedings in the United States. The letter ended by stating that documents, papers, or other information should not be provided. (811.054/9-3052)

No. 268

PPS files, lot 64 D 563, "Strategic materials (oil)"

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Economic Affairs (Linder)

CONFIDENTIAL WASHINGTON, October 29, 1952.[1]

Subject: "Oil Cartel"—Federal Anti-Trust Suit.

Participants: James Terry Duce, Aramco
Paul H. Nitze, S/P
Harold F. Linder, E

Mr. Duce came in to give us a little of the background relating to his letter to the Secretary of Interior and accompanying memorandum.[2] After his talk with the Secretary some time, ago, he called on Mr. Lovett, who agreed that action needed to be taken and Mr. Sawyer, who concurred, and then on Mr. Steelman. The last took the position that a mistake had been made in proceeding with the suit and that he thought that the Secretary of the Interior was the proper man to bring the matter forcefully to the attention of the President. Mr. Chapman stated that he had not been consulted when the decision was made to proceed with the suit and he undertook to present his views, which coincided with those of Mr. Duce, to the President. The Secretary of Interior requested Mr. Duce to prepare a background memorandum and a letter which might be addressed by the President to the Secretaries of State, Defense, Interior and Commerce. He also suggested that Mr. Duce might wish to undertake to prepare an executive order. This, in addition to the paper submitted, is in the course of preparation.

Mr. Duce stated that he did have some degree of concern about the reaction of the domestic oil industry were the suit to be dropped and plans to talk to Mr. Russell Brown who represents the Independent Petroleum Association. He hopes to convince Brown that the procedure recommended will be in the long-run interest of his clients. Mr. Nitze asked Mr. Duce whether his principals were fully aware of this proposal and approved it, to which Duce replied that they were aware but not committed. (Admiral Kelly, Washington representative of Socony-Vacuum sent me the papers prepared by Mr. Duce, so one can assume that the parents of Aramco approve.)

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[1] This memorandum of conversation was prepared on Oct. 30.

[2] Attached to a memorandum by Watts to Kitchen, Byroade, Linder, and Fisher, dated Oct. 24, not printed, were copies of a letter from Duce to Chapman; a memorandum by Duce to Chapman dealing with the Grand Jury investigation of the oil companies; and a letter by Duce which he suggested Chapman recommend the President send to the Secretaries of State, Defense, Commerce, and the Interior. (PPS files, lot 64 D 563, "Strategic materials (oil)")

After Mr. Nitze had indicated our concern with the international repercussions of the suit, he said that we nevertheless, as Government servants, were charged with upholding U.S. laws. To this Duce replied that he for one had always favored the elimination of practices which could properly be construed as violations of our own law.

No. 269

887.2553/11-152: Telegram

The Acting Secretary of State to the Embassy in Lebanon [1]

SECRET WASHINGTON, November 13, 1952—7:05 p. m.

914. Ref Embtels 889 [2] and 901 [3] Dept has little info which wld allow it judge whether two and half Mil annual payments by both pipelines to Leb Gov constitutes legitimate source of complaint. Therefore, Dept desires continue uninvolved in all aspects of negots which are essentially commercial. Emb action shld be guided by this principle but Emb may wish reemphasize to Leb officials apparent disadvantages renegotiation as given urtel so shortly after previous negots completed. Emb shld continue review facts and equities in situation and advise Dept. USG may then wish take substantive position particularly in case deadlock. In this connection additional info available from company sources Wash fols:

1. Hakim may be protagonist in seeking renegotiation pipeline contracts. He apparently has made personal econ study worldwide pipeline conventions and reportedly was impressed by 1950 Oil Forum article suggesting yet uncompleted Tapline wld save company estimated sixty million dollars per year. Tapline officials indicate article highly speculative and inaccurate.

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[1] Drafted by Funkhouser and cleared by PED and OMP. Repeated to Amman, Baghdad, Damascus, Jidda, Dhahran, Tel Aviv, and London.

[2] Dated Oct. 31, not printed. It reported several members of the finance committee of the Lebanese Chamber of Deputies had said they could not recommend ratification of the agreement signed on May 15 with IPC, since they felt no agreement negotiated by the old government could possibly be the best agreement Lebanon could obtain. The Embassy's economic officer had pointed out to Hakim, the Minister of Finance, the many arguments against renegotiation, but Hakim said the government was not willing to face a parliamentary dispute over the IPC agreement, which it was sure could not be ratified. He assured the Embassy Lebanon would not be unreasonable, but both he and President Chamoun felt the pipeline companies could easily afford a higher transit fee. (887.2553/10-3152)

[3] Dated Nov. 1, not printed. It reported a discussion with a Tapline official of the possible renegotiation of the pipeline company agreements. (887.2553/11-152)

2. Tactically Tapline and IPC can be expected stand pat and refuse any renegotiation.[4]

3. Strategy however may take into consideration full company knowledge when pipelines originally proposed that negots with states transitted wld be never-ending and that constant state of "guerrilla warfare" wld exist between two parties. This approach, while not most desirable, is perhaps the most realistic and best palliative available is for all foreign interests including pipeline companies and govt agencies to develop best possible atmosphere of mutual respect so that heat from repetitive crises can be kept at minimum".

4. IPC also has had some reservations re desirability ratification May 15 heads of agreement.

BRUCE

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[4] Telegram 1480 from Beirut, Feb. 10, reported IPC intended to inform President Chamoun it was unwilling to consider upward revision of the payments proposed under the May 1952 pipeline agreement, and the company had no objection to submitting the agreement to Parliament for debate. (887.2553/2-1053) Telegram 1495, Feb. 11, reported that, at the request of the British Embassy, the IPC representative would not present President Chamoun with a categorical refusal. IPC officials planned to confer in London on a possible new approach to pipeline agreements with Syria and Lebanon. The local IPC representative hoped to return with advice to the President that IPC was willing to negotiate a new agreement which would incorporate some basic terms from the original convention and the May 1952 agreement. (887.2553/2-1153)

No. 270

Editorial Note

A report by the Secretary of the Interior and Petroleum Administrator for Defense, entitled "National Security Problems Concerning Free World Petroleum Demands and Potential Supplies," dated December 2, was transmitted to the Executive Secretary of the National Security Council. The report was submitted to the National Security Council on December 8 for consideration at an early Council meeting, and designated NSC 138 on the same day. (S/P-NSC files, lot 61 D 167, "Free World Petroleum Demands and Potential Supplies, National Security Problems Re NSC 138, 138/1") For a summary, see volume I, Part 2, page 1291.

No. 271

Editorial Note

Negotiations between Aramco and the Saudi Arabian Government, adjourned in Riyadh on May 15, were resumed in Jidda from

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November 22 to November 29. At the request of the Saudi Arabian Minister of Finance, the November talks were purely exploratory in character and centered around the question of pricing. No Saudi Arabian officials attended, Saudi Arabia being represented by Lewis W. McNaughton, a member of the Texas firm of DeGolyer and McNaughton, engaged the previous spring as petroleum consultant to the government. (Despatch 157 from Jidda, December 6; 886A.2553/12-652) After a short suspension, during which the Aramco group returned to Dhahran to consult with the President and Chairman of the Board, negotiations were reconvened in Riyadh from December 4 to December 10. At the December meeting, the Aramco Delegation was headed by the Chairman of the Board of Aramco. The Saudi Arabian Delegation was headed by Prince Sultan, Emir of Riyadh; and included the Minister of Finance, Deputy Minister of Foreign Affairs, and McNaughton. No decision was reached on the price of oil at the December meeting, and the two sides decided to adjourn until March 7, 1953. (Despatch 172 from Jidda, December 16; 886A.2553/12-1652)

No. 272

880.2553/12-1252: Airgram

The Acting Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, December 12, 1952.

A-869. Re Embtel 3058 [2] and 3083 [3] current Dept views transit problem fols:

1. Dept finds ostentatiously successful oil industry unavoidably destined to be a primary target for Arab anger and frustration with their lot and with West. Vengeance for Western support of Israel inevitably will be taken out on oil vital to West. Demands

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[1] Drafted by Eakens and cleared by NE and OMP. Repeated to Amman, Baghdad, Beirut, Damascus, Jidda, and Paris.

[2] Dated Dec. 1, not printed. It reported a representative of Socony told the Embassy the IPC board had decided not to discuss the 50-50 concept in relation to pipelines, and would stick to some transit fee arrangement equivalent to approximately two shillings per ton. (883.2553/12-152)

[3] Dated Dec. 2, not printed. A Foreign Office official had been told by Shell officials that the IPC board had decided in a Middle East meeting that it would be desirable for the American and French Ambassadors in Damascus to let it be known that their governments did not favor extension of the 50-50 principle to pipeline transit fees. IPC felt it would not be helpful for the British Ambassador to take the lead since Britain had been in the forefront of much recent Middle East oil controversy. (883.2553/12-252)

for more of everything from Western oil companies has double attraction of gaining more at expense of West. This pressure most probably will tend towards decreasing profits to oil cos and taxes to Western Govts and eventually increasing price oil to West, this movement continuing until demonstrably shown that Arab states hurt by this tactic. Worst possibility which cld result from strained situation found in ME today wld be further nationalization of oil properties which Dept does not visualize at this time but which will always be threat. In national interest as distinct from commercial interest, some accommodation to pressure for increased payments if necessary, coupled with play for time seems only alternative feasible at this time. Do not believe present is time or case for diplomatic intervention.

2. There exist only very few pipe lines which cross internatl boundaries. Only others Dept knows about are lines connecting points in US and Canad. On these lines a US pipe line co collects a charge or a tariff from the shipping point in the US to the Canad border. Out of this income the US pipe line co makes the fol payments for right-of-way and as taxes: (a) fixed fee to private surface landowner for right-of-way; (b) property taxes, based on the value of the pipe line property within the jurisdiction, to states, counties, school districts, and other taxing jurisdictions and possibly other taxes in some states, such as income taxes; (c) Federal pipe lines transportation tax equal to 4½ per cent of the transportation charge; and (d) Federal corporate income taxes equal to 52 per cent of the co's profits. The total of these payments obviously exceeds 50 per cent of the profits realized from the segments of internatl pipe lines located in the US. Based upon US practice, Middle East Govts might well adduce arguments for payments which exceed 50 per cent of the profits of segments of pipe lines in their territory since they are functionally in the same position as the collectors of all of the above-mentioned payments made by US pipe lines.

Co arguments which the Dept has heard in favor of the fixed fee basis of payments neglect some of these factors and generally fail to recognize the multiple position of the ME Govts.

Notwithstanding the foregoing, the Dept as yet has not concluded that a 50–50 profit-sharing agreement is the answer to the pipe line transit problem in the ME at this time. It has not seen any analysis by the companies of the merit of 50–50 versus fixed fee payments for transit rights. Before reaching any conclusion it needs such an analysis for consideraton and use in its own studies of the problem. The Dept plans to request interested companies for a full analysis of the problem. The companies, however, already appear to have accepted the 50–50 principle in regard to pipe lines in their splitting of profits with Iraq on transportation to Iraq border.

Even though the 50-50 basis of payments might be considered sounder and more desirable, the Dept does not necessarily believe that it shld be initiated at this time. As indicated in para 1, cos may consider their best tactics for the time being to yield only if necessary, and then only the minimum amount required to reach an agreement. A fairly strong case can be made for this course since it may be some time before one can safely conclude that any agreement is really stable. This is all the more reason why both the cos and the US Govt ought to apply their best thought to this problem and decide what basis of payments should be the one on which sometime in the future a determined effort will be made to hold the line on payments. Without such an over-all plan agreements reached as a matter of expediency might well get out of line with the most desirable over-all solution to the problem.

At the present time it appears to the Dept that the only principle which has any chance of popular acceptance and understanding is that of the 50-50 sharing of profits based in the case of Tapline on the 66 cent differential between Ras Tanura and Sidon. While some co officials argue that this differential is not a pipe line tariff, it wld seem to make little difference whether or not this argument is technically valid. The differential exists and its existence is well known. The ME Govts know, or can guess, that the pipe lines are very profitable. Tapline has admitted to SAG that the operating costs of Tapline are 26 cents per barrel. In these circumstances it hardly seems likely that ME Govts will be satisfied with anything less than an equitable participation in the profits of pipe lines going through their territory.

3. It is untrue that differences within US Govt circles re merits of the fixed fee versus the 50-50 principle are delaying a decision re position the Ambassador shld take with Syria. No company has asked the Dept to take a position on the Syrian pipe line transit problem. Dept does not plan to instruct U.S. Ambassadors to take any position re fixed fees or other commercial questions at this time. In no case would the Dept take a position until it had fully studied the matter and had discussed all of its aspects with the interested oil companies, the UK, and possibly other interested govts. Dept will continue to recommend that field missions emphasize whenever appropriate disadvantages and other implications developing from the failure foreign govts to honor valid contracts. (Reference Deptel to Beirut 914 [4] rptd London 3298 and Beirut's 889 [5]

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[4] Document 269.

[5] Not printed, but see footnote 2, *ibid.*

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not rptd London, copy for London attached. Also Dept conversations with Syrian Minister being forwarded.)

4. Dept wld appreciate Ortiz and Moline recommendations as well as all info available from IPC and FonOff re this problem.

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No. 273

880.2553/12-1752: Despatch

The Petroleum Attaché in the United Kingdom (Moline) to the Department of State

CONFIDENTIAL LONDON, December 17, 1952.

No. 2872

Subject: Middle East Pipeline Conventions

Introduction:

The question of payments to governments of countries crossed by oil pipelines has recently become active in the Middle East with Lebanon's refusal to ratify its May 1952 agreement with the Iraq Petroleum Company and with Lebanon and Syria both indicating the belief that they are entitled to higher pipeline payments than they would get from agreements of the most recent type. Their requests variously put and variously interpreted appear to be aimed at obtaining a share of the "profits" from the pipeline equal to the share obtained by IPC.

The fact that "profits" are undefined and exceedingly difficult to define has not hindered the requests. Neither have demands for some sort of 50-50 division been precluded by the fact that agreements with Tapline have been recently concluded on a different basis and that Lebanon concluded an agreement, still unratified, only last May, with IPC on a fixed fee basis. On the contrary, both Syria and Lebanon indicate their intention to denouce the Tapline agreements.

Tapline has said it will not countenance a reopening of its recently concluded pipeline agreements. IPC too has firmly resisted Syrian demands for pipeline payments on a 50-50 profit sharing basis. The IPC has contended for reasons indicated below that the 50-50 principle for pipelines is unsound, unworkable and unjustified.

Originally the company believed that it could with a show of firmness settle with Syria on the same basis as Tapline had done, making due allowance for the greater IPC mileage in Syria and the loading port at Banias. One senior IPC official has recently said that no agreement on a fixed fee basis can be reached. Other sources say that IPC is already considering some alternative approach, apparently based on the pipeline tariff approach with taxation of profits on a nondiscriminatory rate.

Whether or not the present negotiation can be settled on the fixed fee basis, which has hitherto applied in the Middle East, it does not seem likely to hold for long unless the fee can be given status as an equitable one or contracts establishing such fees can be given a sanctity which oil contracts have not enjoyed recently in the Middle East. Eventually, if not in the present negotiations, some new approach to transit payments seems likely to be needed. The United States and United Kingdom Governments must concern themselves with the problem in order to insure, if possible, equitable arrangements conducive to stability in the area and meriting governmental support which they should have.

What are the alternatives? They seem to be the fixed fee, the 50-50 sharing of profits however calculated and the pipeline tariff approach.

Objectives:

In trying to decide on the appropriate course in the event that the present discussions become deadlocked or future controversy develops, the guide lines for reaching the decision should be the objectives we seek to attain in the Middle East.

The basic objective is the promotion of stability in the Middle East, based on its economic well being, which will guarantee both the security of Western oil interests and the furtherance of Western security objectives in the region.

In the narrow sphere of petroleum developments, we should be seeking agreement among the interested parties on rules for oil operations in the area which will be generally regarded as equitable. Such rules and the financial interpretation of them should result in less controversy and more local income. Also, they should provide both standards for judging disputes which may arise and a basis for world understanding of the Western position if any major disagreement should develop. To further the economic well-being of the area and the stability and security we seek, it would be desirable for income from oil operations in the Middle East to be spread as widely as can be reasonably and economically justified. If by application of different standards or a change in practice, or the choice of one course rather than another, more of the profitability of oil production and sale can be attached to transport, refining and distribution and less to production, it would seem desirable that such a course be followed. Particularly is this so when the costs of tankers, pipelines, storage, refineries, etc., seem certain to be far greater for handling additional increments of Middle East oil than the costs of bringing such increments to the well head.

Pros and Cons of Various Alternatives:

It should be clear at the outset that the IPC is not trying to be niggardly in its fixed fee approach. It is apparently prepared to make fairly substantial payments. It is probably also true that governments which talk 50–50 are more interested in the money than in the principle.

Fixed Fee: The chief argument for the fixed fee is that agreements on this line are not only usual in the Middle East, but they have also been concluded very recently on such lines. To move to a new system would almost certainly unsettle the Tapline agreements with the various countries through which Tapline passes and would therefore still further undermine the much abused sanctity of contract principle.

A strong argument can be made also that the transit rates granted to a country are only rental fees for use of a small amount of land which in most instances is of limited value for other purposes. Since the line does not take anything from the resources of the country in the same manner as the export of a country's oil, there is no justification for the 50% sharing of profits comparable to the case of the producing country whose natural wealth is being permanently removed. Moreover, construction of the line will have contributed employment opportunities to the country during the building and frequently some employment opportunities in connection with pumping stations when the line is complete.

Another significant advantage of the fixed fee is that there is only one main item about which to argue with a country—namely, the size of the fixed fee. In the other alternatives several elements of the necessary formula can be subject to the kind of attack levied against the single item in the fixed fee arrangement whenever any excuse is wanted for reopening negotiations.

On the other hand, there are evident disadvantages with the fixed fee. They are almost exactly the reverse of the arguments for it.

The most important disadvantage is that there is no evident equity in a fixed fee, however fair it may be. There is no obvious reason why one particular fee per ton is any more just or reasonable than any other fee. Consequently, the fee is subject to challenge each time there is pressure for more income. There is no limit to the sum which might be demanded.

Insistence on a fixed fee settlement seems likely to lead to prolonged controversy, perhaps resulting in a stoppage of oil to the major disadvantage of Western interests in Iraq and elsewhere.

A 50-50 Formula: Of the three alternatives mentioned herein, this one has the greatest initial appeal to the countries. Without being sure of what it is they are talking about, the concept of 50-50 seems to have fired the local imagination subject, of course, to the qualification that 50-50 is understood to mean a fairly substantial return. That this principle has some degree of acceptance is evidenced by the request for settlement on these lines.

It should be possible also to devise a formula based on Tapline and the alternative tanker transport which would have a superficial appearance at least of reasonableness and which should not be markedly out of line with the present scale of payments if the charges for amortization are substantial.

This type of formula should not penalize the producing countries of Saudi Arabia and Iraq unduly since both countries have a substantial amount of pipeline mileage within their borders on which they would presumably be getting a 50-50 division.

Already there is some precedent for a 50-50 division of rates on pipeline operation in the Middle East in that the value of Iraq crude for the purposes of a 50-50 division of profits is calculated at the Syrian border on the basis of a formula which related the prices of oil in the Persian Gulf and the Mediterranean to the mileage of a theoretical pipeline between the two points. Though it was not intended to regard this Iraq-Syrian border price as a distinct price from that on oil at the well head, still it is an easy calculation to push the price back to well head by reference to the same figure per mile used in the calculation of the border price. As a matter of fact, the establisment of the border price appears to have overlooked the fact of the rapid amortization of the investment in Iraq pipelines and to have given Iraq a very much larger return on the transport element in Iraq oil at the border than would have derived from the more conservative calculations which would seem to be justified.

The questions of a different price at the first main gathering station and at the Saudi Arab-Jordan border is still unresolved. If agreement is reached on two different values at these points, further support would be given to the thesis that value is being assigned by virtue of transport, and that profits accruing in such a transaction are in fact being divided on a 50-50 basis.

The disadvantages of the 50-50 principle are two in particular. First of all, no one knows what 50-50 means for pipelines. The calculation of a formula would almost certainly be an artificial though rationalized one in which all of the elements would be subject to debate and only the posted prices in the Persian Gulf and the Eastern Mediterranean would have any degree of acceptability. It is possible, moreover, to foresee a situation in which oil from the

Persian Gulf and the Eastern Mediterranean would have any degree of acceptability. It is possible, moreover, to foresee a situation in which oil from the Persian Gulf moving by tanker will go entirely east of Suez in a region where competition from other crude oil will be exceedingly limited and where its price may not have to reflect to the same degree as in the regional west of Suez the pressure of other crude oil supplies. In this situation the Persian Gulf price for east of Suez destinations might in theory be equal to or greater than prices in the Eastern Mediterranean for European destinations. In the present price relationships it is said to be 21 cents per barrel cheaper to move oil by tanker from the Persian Gulf to the Eastern Mediterranean than by Tapline, charging 66 cents per barrel. What in these circumstances is the profit on Tapline? And in any circumstances, is it not likely that oil companies will turn to use of tankers where possible if in the alternative case profits must be shared on a 50–50 basis?

The question of an appropriate tanker rate for comparison with an appropriate range of pipeline charges would also be subject to criticism and debate by the governments of countries through which the pipelines would pass. In the case of IPC in particular there would probably be reluctance on the part of governments to accept the notion of a difference between pipeline and tanker costs setting the measure of the savings to be divided when there was no room for use of a tanker in moving most of Iraq's oil.

Another feature of 50–50 which causes major concern is the fact that the limits of this principle are not foreseen. Is it intended to apply to loading, refining, storage and retail distribution? Should it be applied in reverse to reduce Suez Canal tolls? Even more disturbing is the fact that there has as yet been no United States decision as to whether tax credit can be obtained for foreign tax payments under 50–50 agreements. Should there be a negative decision, the effect on the availability of capital for oil developments abroad could be seriously unfavorable.

Pipeline Tariff: This alternative has not yet been tried in the Middle East. It would seem to have several advantages. The chief one is that it is defensible and possibly saleable on a principle and formula basis. In addition, it is in use elsewhere. In the United States where pipelines are common carriers and where there are examples of lines crossing state and national boundaries, useful illustrations of the principle are exemplified. Even better examples might be found in Venezuela and Colombia.

This principle, once its elements were accepted, i.e., rate of recovery of investment, rate of return on investment, costs of operations, etc., could provide bench marks less open to debate than formulae depending on the price of oil, representativeness of tanker rates and other elements of 50-50. Returns under it should be more stable than under formulae tied to oil and tanker markets.

The principle could, if desired, be given a 50-50 appearance, perhaps under a different name, if it were decided to relate the companies' return on investment to the countries' take from a small fixed fee for right of way and a non-discriminatory income tax.

The chief difficulty with the proposal is that the return to governments is probably closer to the fixed fees which have been offered than the sums deriving from their concept of 50-50 "profit" sharing.

Another difficulty is that a proper tariff ought to be on a ton-mile or similar basis. Since Lebanon's 30 miles of line is as essential to ultimate delivery of the oil as Syria's 200 or 300 miles, the former may believe that its advantage lies in pushing for a different solution than pipeline tariff.

Conclusion:

In considering the foregoing, it seems that the proper course of action would be to settle for the time being on a fixed fee basis provided agreement can be reached quickly and without bitterness on this basis, and also without prejudice to eventual settlement on a basis more likely to last.

Any time bought in this fashion should be used to refine the argument for a 50-50 profit sharing basis if there is an argument to be made or alternatively to marshal the arguments against it. It should also be used to decide on the appropriate elements of a pipeline tariff approach which seems by far the best one to take.

In any solution there are very real difficulties not the least of which is the proration of the return on any line among the countries through which it passes and among the companies concerned. Whether a solution will be accepted and whether it will hold firm will depend to a large degree on its evident justice and the willingness of the United States and United Kingdom Governments to give it publicity and support.

Considering the importance of the stakes in the Middle East, the United States Government should not hang back from taking an active interest in the problem of stable oil arrangements in the area. If it is to have responsibility for supporting the United States companies in their oil dealings in the Middle East (and it both has and should make evident its acceptance of this responsibility), it has the corollary responsibility of making as certain as possible that it is supporting a justifiable position, which it should therefore seek to influence.

In the present pipeline case it is recommended that agreement be sought with American companies on a pipeline tariff proposal designed to recover a pipeline investment, possibly on a replacement basis, within a reasonably short time and with interest on investment after costs of operation equal to the government's income from a small fixed fee and a non-discriminatory tax. Thereafter through American companies and the British Government, the agreement of interested British companies should also be sought. Finally, and assuming the necessary company and British Government agreement, the Unites States Government should lend its active support to obtaining the agreement of Middle East Governments to the suggested proposal and to insuring their continued adherence to the agreement within its terms.

It is recognized that no arrangement can be guaranteed as a stable one. Dressing them up as principles doesn't help at all in the view of the Gulbenkian interests in IPC. Perhaps equal sharing of income will hold only as long as new ways can be found to redefine the agreements to give more and more to Governments. The alternative of working without standards or bench marks seems certain to be unstable. With United States and United Kingdom Government support of positions based on principles they have approved, it may be possible to give them stability. It is worth an intensive try.

EDWIN G. MOLINE

No. 274

800.054/12-1952

Memorandum by the Assistant Legal Adviser for Economic Affairs (Metzger) [1]

WASHINGTON, December 19, 1952.

THE CURRENT SITUATION OF THE ANTI-TRUST OIL CASE

At present, the so-called Anti-Trust oil case is not actually a criminal case against defendants; rather, it is a Grand Jury investigation into possible violations of the Anti-Trust statutes on the part of five major American companies and the Anglo-Iranian Oil Company, and the Shell combination. Subpoenas have been issued for domestic and foreign records of the American companies; no subpeona has been issued to the foreign Shell corporations, while the subpoena which had been issued to the Anglo-Iranian Oil Company was quashed by the court in its order of December 15, 1952. Under the court's orders of November 10 and December 15, 1952, the domestic records of the American companies must be submitted pursuant to the subpoena by January 12, 1953. Regarding the foreign records, the American companies must make good faith efforts to gain consent from foreign sovereigns to remove foreign documents in order to present them; the Court must be advised of these good faith efforts by February 2, 1953; where the foreign sovereign has granted consent, the foreign documents must be submitted for consideration by the Grand Jury by March 16, 1953; where the foreign sovereign denies consent, it shall be done through diplomatic channels in clear and unambiguous terms, and a preliminary hearing shall take place on February 16, 1953, at which time these refusals will be disclosed to the court, and the court will determine the proper procedure of presenting the proof and effect of foreign laws as they pertain to the question of enforcement of the subpoena; the presentation of such proof of foreign laws will then commence on March 2, 1953, in the manner ordered by the court at the preliminary hearing of February 16, 1953.

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[1] Attached to the source text was a memorandum, dated Dec. 19, from Metzger to Armstrong, informing him that the paper contained some material for the oil paper he was preparing. (800.054/12-1952)

It cannot now be predicted what the court will do with respect to further orders upon an American company in the event that any foreign sovereign refuses permission to export documents of that company or its subsidiary located abroad. It also cannot be stated whether the quashing of the subpoena upon the Anglo-Iranian Oil Company takes that company out of the case for good; if the Justice Department were to appeal from the court's order quashing the subpoena, it may well secure a reversal.

If the case were continued along present lines, it does not appear that an indictment would be secured until sometime in the fall of 1953, or that trial would be completed until the end of 1954 and possibly later, during 1955. Appeals might result in a final determination not being made until 1956 or 1957. Since it is understood that following the criminal case a civil case would be instituted, and since the trial of a civil case might take substantial time by itself, even though evidence would have been obtained, the litigation in connection with international operations in oil might continue through the remainder of the decade; this time might be shortened if the civil case were instituted prior to the determination of appeals in the criminal case. It should be noted, in this connection, that effective remedies leading to a change in the practice of conducting oil operations abroad of American companies can only be had through a decree in the civil case. Fines and imprisonment are the only remedies on the criminal side.

If the criminal case were to be postponed, a civil suit by the Justice Department could, nevertheless, be instituted through the filing of a complaint. The foreign documents problem would be much the same in a civil case, since the Justice Department could, through discovery under the Federal rules, call for the production of documents relating to the issues in the complaint. If the basis of the court's order quashing the subpoenas on the Anglo-Iranian Oil Company is valid, Anglo-Iranian Oil could not be made a party defendant in the case, or, if made a defendant, could secure dismissal of the complaint; if, however, the basis of the court's order is erroneous, as may well be held upon appeal, Anglo-Iranian Oil Company would be a defendant in the civil action. It should be emphasized that the decree in the civil case is the instrument by which restrictive practices, changes in organization, etc., affecting oil operations, are accomplished. The institution of a civil suit during a postponement of the Grand Jury's proceedings would not preclude a subsequent institution of a criminal suit.

No. 275

880.2553/12-2352

Memorandum of Conversation, by William McMaster of the Petroleum Policy Staff

CONFIDENTIAL WASHINGTON, December 23, 1952.[1]

Subject: Principle of Division of Pipe Line Profits.

Participants: Messrs. Duce and Chapman, Arabian American Oil Co. (Aramco)
Messrs. Noble and Britton, Trans-Arabian Pipe Line Co. (Tapline)
Mr. Funkhouser—NE
Messrs. Eakens and McMaster—PED

This meeting resulted from an offer by Mr. Britton to come to Washington for a discussion of the pipe line transit payments problem in the Middle East.

Mr. Eakens opened the meeting with a general summary of the Department's thinking and position on the matter at the present time. He said that contrary to reports in New York and even in London, the Department has taken no position favoring the application of the 50-50 profit-sharing principle to pipe line transit agreements. He said, in fact, that the Department has not taken a position on any of the substantive questions involved in this problem. The present fixed-fee basis of payments, however, seems to have certain shortcomings. Current payments are not established on the basis of any principle under which any level of payments can be defended as fair and equitable. There is nothing more sacrosanct about a payment of four shillings per ton of oil transiting a country than the payment of one shilling per ton. What seems to be needed is some principle of payments toward which the companies would work, on which a firm stand could eventually be taken. Such a principle would not have to be established at any particular time, but it would seem that both the companies and the government should have in mind as a long range solution the establishment of some principle on which an attempt could be made to achieve stability. Before reaching any conclusions on the problem, the Department wished to have the benefit of a complete analysis by the companies and their views in regard to it.

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[1] This memorandum of conversation was prepared on Dec. 29.

Mr. Noble said that some studies of the problem had already been made in New York. The studies had resulted in the conclusion that the one thing the three countries are looking for is equal benefits among themselves. He believed that this conclusion is an overriding consideration which should be kept in mind in any analysis of the problem. In every case, each of the three countries has asked for an escalation clause in their agreement, which actually amounted to "most favored nation" treatment. Mr. Duce added that the escalation applied not only to payments, but to benefits of every kind. It is "an ascending spiral" to which he does not see any end.

Mr. Britton said he had given the problem of payment for transit rights a great deal of thought. Speaking as an individual, not as a spokesman for his company. Mr. Britton said he would like to present an exploratory viewpoint.

At the outset, Mr. Britton said, you must establish a basic principle designed to stabilize the situation. He thought that establishment of the pipe line tariffs was the proper basis of accomplishing this. In order to determine the proper tariff, he thought a thorough study should be made which would cover, among other things:

1. The cost of the competing facilities.
2. The efficiency of pipe line operations. (It is to the advantage of the transit countries that pipe lines are competitive with alternative transportation facilities.)
3. Pipe line profits projected for 10 or 15 years.
4. The advantages to the countries transited by pipe lines based upon reasonable payments.

The views of the Department's representatives and those of Mr. Britton seem to be in complete agreement on the need for the adoption of some principle of payments in this field.

At this juncture Mr. Britton and Mr. Duce each read excerpts from confidential reports they had received from the Middle East which dealt with the adverse effect in the Middle East of the FTC Report and the cartel investigation.

In conclusion, the companies were requested to analyze the whole problem, including various possible bases of payments for transit rights together with arguments for and against each basis, and to submit the analysis to the Department. The company officials undertook to do this.

No. 276

880.2553/12-2352: Telegram

The Ambassador in the United Kingdom (Gifford) to the Department of State [1]

SECRET LONDON, December 23, 1952—5 p. m.

3488. Re: A-869. [2] Gibson IPC said today Herridge has returned having made no progress. Discussions have been amicable. Date for renewal talks not yet set. Gibson professes believe IPC can settle on tap line basis provided tap line holds firmly to pipeline agreements. One other important factor in negotiations is that Iraq will not tolerate stoppage in flow it soil by Syria.

Change in concession terms after relatively short period is inevitable in all Middle East concessions according Gibson as long as present Middle East and international tension exists. It must be acknowledged but as little and as slowly as possible and with care that ill will is not created or intensified and that ultimate position is not compromised.

Others in IPC state fixed fee settlement will not be possible. Gibson would probably agree it may not be. Therefore company studying alternative tariff approach. Insists no basis for considering profit split on pipelines which are transport media and should be considered on basis applicable railroads, ships, other pipelines namely tariff per ton and non-discriminatory tax. In this connection would appreciate receiving details of charges for moving oil through six representative lines including Portland, Montreal, inter-provincial and some domestic lines crossing state boundaries. Also details of basis for setting rates on these lines, their initial cost, mileage, return on investment and how division made between states.

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[1] Repeated to Beirut and Damascus.

[2] Document 272.

Embassy comments on alternatives of fixed fee, 50-50 or pipe line tariff are in despatch 2872. [3]

GIFFORD

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[3] Document 273.

No. 277

883A. 2553/12-2352: Telegram

The Ambassador in Lebanon (Minor) to the Department of State [1]

CONFIDENTIAL BEIRUT, December 23, 1952—6 p. m.

1219. Reported discussion within Council of Ministers re issuance decree to place before Parliament for decision the matter of invalidation Tapline agreement raising question minds foreign business interests re validity other similar agreements reached with previous government. MEDRECO representative today inquiring of principals what if any approach should be made to Lebanese Government seeking clarify status its refinery agreement which like Tapline agreement was based on exchange of letter with officials [2] in previous government.

Tapline President Swigart states no formal approach yet made to his company beyond Finance Minister's inquiry Tapline Vice President Campbell around first November whether Tapline willing renegotiate which Tapline refused. Swigart stated Tapline informed by their Attorney Habib Abi Chahla that Prime Minister Chehab in his capacity as Minister Justice rendered a decision in writing to Finance Minister Hakim that Tapline exchange of letters constituting new agreement required Parliamentary ratification, but that subsequently Prime Minister withdrew this letter. Tapline Attorneys including Abi Chahla feel Tapline May 1952 agreement, since based on convention ratified by Parliament, did not require Parliamentary ratification. They interpret Prime Minister's withdrawal his letter to Finance Minister as recognition this fact.

New government has continued receive Tapline payments basis terms May 1952 agreement. Swigart inquiring New York principals whether or not make payments under new or old agreements should Parliament invalidate May 1952 agreement. Meantime since Tapline not approached formally re entire matter beyond question

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[1] Repeated to London and Damascus.

[2] At this point the source text contained the word "British" but the word "officials" had been handwritten underneath. Previous exchanges of letters had been carried on with Iraqi officials.

November willingness re-negotiate sitting tight await developments.

Considerable news coverage being given government need re-negotiate Tapline agreement and mention made consideration decree to set stage for re-negotiation. Swigart feels that if Parliament should invalidate May 1952 agreement government will probably whip up public opinion to point where pressure will require Tapline enter re-negotiating discussions.

See Embtel 1220 for Finance Minister Hakim's views. [3]

MINOR

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[3] Not printed; it reported Hakim told the economic officer the May 1952 agreement modified a convention ratified by Parliament, and therefore, it also had to be ratified. He stated that if Parliament rejected the May agreements the Government of Lebanon would return to the old agreements, and would probably have to refund excess payments made by Tapline under the May agreements. He admitted there was a close connection with the IPC-Syrian negotiations, and added that Jordan was also interested. (883A.2553/12-2352)

No. 278

880.2553/12-3052

Memorandum of Conversation, by William McMaster of the Petroleum Policy Staff

CONFIDENTIAL WASHINGTON, December 30, 1952. [1]

Subject: Current problems of Trans-Arabian pipe line Company (Tapline) in the Middle East.

Participants: Mr. Duce, Aramco
Messrs. Eddy, Noble and Britton, Tapline
Mr. Nitze—S/P
Messrs. Funkhouser and Dorsey—NE
Messrs. Eakens and McMaster—PED

This meeting was requested by the oil company officials to discuss current problems confronting Tapline in the Middle East.

Mr. Duce said the situation, particularly in Syria and Lebanon, has become so serious that the company considered it necessary to advise the Department of the impact of the situation on the company's operations and of the position it expects to take with respect thereto. He requested Mr. Noble to outline the company's views and their proposal for meeting the impending problems.

Mr. Noble prefaced his remarks with the statement that although he is a counsel of record in the United States Government's current grand jury investigation of international oil operations, his appearance at this meeting was not in any way connected with the cartel suit. He went on to say that some time ago he had requested the company's counsel in Beirut, Mr. Frank Bates, to prepare a factual report on the effect on the company's relations in the Middle East of the U.S. Government's grand jury investigation and the MSA suit against Tapline's parent companies to recover alleged overcharges on Middle East oil shipped to participating countries under MSA financing. Mr. Noble said that while he did not intend to discuss the details of Mr. Bates' report, he would like to point out that it did contain some very alarming facts with respect to the deterioration of U.S. Government and American oil companies relationships in the Middle East. The report concludes that this deterioration of relationships has manifested itself in new demands for a large share of oil profits. (Copies of the Bates report were presented Mr. Nitze and to NE.) [2]

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[1] This memorandum of conversation was prepared on Jan. 5, 1953.

Mr. Noble said the company had recently heard that the Syrian Government will call for a full discussion of oil company agreements in March 1952 and, of course, renegotiation of their agreement with Lebanon has already been demanded. The opinion of Tapline, as expressed by Mr. Noble, is that the company couldn't be in a more disadvantageous position to enter into formal negotiations with Lebanon than it is at this time because of (1) the popular prejudice against Americans by all groups in Lebanon and (2) pending negotiations with the Saudi Arabian Government which must be completed before the company will have a firm basis for discussing any revision of pipe line transit agreements with the transit countries. At the moment the company has no basis for measuring pipe line profits. Therefore, the main question is how can they postpone formal negotiations with the transit countries. In this respect, Mr. Noble read a cablegram addressed to Mr. Swigart, Tapline's president in Beirut, Lebanon, setting forth the Tapline position. A copy of the cable is attached. [3]

The oil company representatives believe that it would be disastrous to their Middle East oil operations if Tapline should show any weakness at this time regarding the validity of existing agreements. In order to hold the line the company must; (1) delay any formal showdown, (2) stand firm on existing agreements, and (3) off-set the belief that the American companies are in bad favor with their own government.

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[2] Not found in Department of State files.

[3] Not printed; it advised that the company should not refuse to negotiate, but should delay negotiations as long as possible. (880.2553/12–3052)

Colonel Eddy, who has resided in Lebanon for the past year, commented that the attitude of the Lebanese Government is wholly and emotionally anti-American which is, to some extent, attributable to Ambassador Locke's recall. Ambassador Locke had left the impression that he was going to have a $350 million development program [4] and now Middle East countries are looking for some other source for these funds. Lebanon as well as other Middle East countries realize that oil is the western world's vulnerable spot and for that reason the oil companies must bear the brunt of all political maneuvers in Lebanon and elsewhere in the Middle East. The new President of Lebanon, Col. Eddy said, is a very able man but he is allowing his Foreign Minister, to insist on large oil revenues in order to counter-balance other less favorable accepted actions of the new government.

Mr. Eakens outlined the activities of the Department with respect to these pipe line transit problems, mentioning that the Department has thus far taken no position in the substantive issues involved and that it has already asked the Tapline officials present for a full analysis of the problem and of the various alternative solutions to it. (See Department's memo of conversation dated December 23, 1952 re principle of division of pipe line profits.) [5]

Mr. Nitze asked the company officials what payments were being made to the transit countries under existing agreements. Mr. Britton stated that Syria and Lebanon were each receiving about $1.3 million annually and Jordan a little less.

In answer to a question regarding the costs involved in operating the pipe line, Mr. Britton said that the cost, not including gathering lines, was about 28 cents per barrel of which about 10 cents was for amortization of the pipe line investment on about an 18 year basis. Mr. Britton said it would be difficult to give an estimate of the cost involved in moving oil by tanker through the Suez Canal. He thought, however, that the cost per barrel on a 26,000 ton super tanker, some of which are in use in moving Middle East oil, is in the neighborhood of 26 cents.

In conclusion, the company representatives asked if there was any objection to the suggested position as stated in the cable to Mr. Swigart. The Department representatives said it would not be possible to offer any guidance until the Department has completed its analysis of the problem. No objection was offered to the suggested Tapline position. [6]

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[4] For documentation, see Documents 381 ff.

[5] Document 275.

[6] Another meeting on the subject of pipeline transit payments in Lebanon, Syria, and Jordan was held on Jan. 22 with officers of the Standard Oil Company of New

Continued

No. 279

PPS files, lot 64 D 563, "Strategic materials (oil)"

Report by the Departments of State, Defense, and the Interior [1]

SECRET
NSC 138/1

WASHINGTON, [January 6, 1953.]

SECURITY AND INTERNATIONAL ISSUES ARISING FROM THE CURRENT SITUATION IN PETROLEUM

THE PROBLEM

1. The Justice Department has begun a judicial process which can be expected to lead to the indictment and trial of the principal international American oil companies on charges of criminal violations of American law in their foreign operations. There is serious danger that the trial of these oil companies on criminal charges would be harmful to critical American foreign policy objectives. No responsible official can assert either that American law should be wholly inapplicable to the foreign operations of these oil companies or that our critical foreign policy objectives should be placed in jeopardy. The problem is to determine the course of action which in these circumstances will best serve the over-all national interest.

IMPORTANCE OF PETROLEUM

2. Oil is vital to the United States and the rest of the free world both in peace and war. The complex industrial economies of the western world are absolutely dependent upon a continuing abundance of this essential source of energy. And expanding economies, whether modern and progressive, or backward and underdeveloped, require ever increasing quantities of petroleum.

3. No other nation relies upon petroleum to such an extent as the United States. Petroleum and natural gas supply roughly 50 percent of the vast amount of the total energy consumed in the United States; our vital transportation system is far more heavily

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Jersey. While agreeing it would be necessary to revise the principle of transit payments, the oil company representatives said they had no alternative solution to propose at the time but were still studying the problem and would meet again with Department of State representatives to discuss it. (880.2553/1-2253)

[1] This report is part of NSC 138/1, dated Jan. 6, 1953. It was transmitted to the National Security Council under cover of a note of Jan. 6 by Executive Secretary Gleason on "National Security Problems Concerning Free World Petroleum Demands and Potential Supplies." In response to NSC Action No. 692, taken at the Dec. 17, 1952, NSC meeting, Gleason transmitted three reports for the Council's consideration at its Jan. 9, 1953 meeting: (1) the report printed here, (2) a report by the Departments of State and Defense printed *infra*, and (3) a report by the Department of Justice printed as Document 281.

dependent upon oil. National consumption of petroleum is at a rate of more than seven million barrels per day. This is over 60 percent of current world demand. By 1955, United States consumption is expected to rise to nine million barrels per day, and by 1975, to 13.7 million barrels per day. * Until recently the United States supplied its own requirements from its own indigenous resources. But this could not continue indefinitely. Proved crude oil reserves in the United States are now less than one-third of the world's total. In 1948, because of the tremendous increase in demand, the United States became a net importer of oil. Assuming the continuing high level of domestic exploration and development by a vigorous and healthy United States petroleum industry, it is estimated that by 1975 the United States will be using 2.5 million barrels daily more than it produces and this difference will have to be drawn from foreign sources. Without a vigorous and expanding domestic oil industry, the availability of foreign oil would be even more critical.

4. The free world is currently increasing its use of petroleum at an even greater relative rate than the United States. Since World War II foreign demand for petroleum in the free world has increased at a rate of about 14 percent annually, compared with an increase of about 7 to 8 percent a year in the United States. In total terms, foreign demand for petroleum has doubled since the end of World War II. The recovery and development of the free world at its current vigorous rate would be impossible without petroleum in ever increasing quantities. Although future increases in foreign demand are not expected to continue at the high post-war rates, they are nevertheless estimated at roughly double the rate of increase in demand in the United States. By 1975 demand from free European nations alone is estimated at 4.0 million barrels per day. With production of only about 0.3 million barrels per day, Europe's deficit to be supplied from non-European and non-United States sources will amount to 3.7 million barrels daily.

5. The total import requirements of the United States and Europe combined thus are estimated at 6.2 million barrels per day by 1975.

6. In war, petroleum is absolutely vital. It is indispensable to every military operation. In World War II, 60 percent of the total tonnage which the United States moved overseas consisted of petroleum and petroleum products. The petroleum which remained at home and went to defense-supporting civilian activities was no less essential to the successful prosecution of the war.

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* All estimates for 1975 are drawn from the Paley Commission Report. [Footnote in the source text.]

7. With the increase in demand that will occur under war conditions, the successful conduct of a major war by the United States and its allies will be dependent upon continuing availability of foreign petroleum supplies. Due to the continually expanding world demand, the more extensive use of oil-powered military equipment, and the use of heavier oil consuming equipment, such as jet aircraft, the farther in the future such a war occurs, the more critical is access to foreign petroleum. Major sources of foreign oil are now indispensable to the economy of Europe and in the future may become indispensable even to the peacetime economy of the United States.

FOREIGN SOURCES OF PETROLEUM

8. There are only two known areas which can supply the import requirements for petroleum in the other countries of the free world. These are the Middle East and the Caribbean area, largely Venezuela.

9. The greatest known petroleum reserves in the world are those of the Middle East. They are now conservatively estimated at some 52 billion barrels out of total world reserves of about 101 billion barrels. Venezuelan oil is of special strategic value, due to its location behind the screen of our Caribbean chain of defenses, across sea routes relatively easy to keep open. It is closer than Texas to our Atlantic Coast consuming area. Venezuela alone is able to supply most of the foreign oil essential to the United States in time of war. In addition to our own import needs, Venezuela supplies substantially all of the import requirements of the Western Hemisphere outside the United States.

10. Since the United States is today a small net importer of petroleum, it is not now making any contribution toward meeting crude oil demand in the rest of the world. That demand, including the United States' deficit, of about 5 million barrels per day, is being supplied at the rate of slightly less than 2 million barrels per day from Venezuela, slightly more than 2 million barrels per day from the Middle East, and about 1 million barrels daily from the remainder of the free world.

11. Since Venezuela and the Middle East are the only sources from which the Free world's import requirements for petroleum can be supplied, these sources are necessary to continue the present economic and military efforts of the free world. It therefore follows that nothing can be allowed to interfere substantially with the availability of oil from those sources to the free world.

12. With the exception of Iran, the production of oil in those areas is almost entirely in the hands of United States and United

Kingdom nationals. † These nationals have provided the ingenuity, capital, and technology to bring forth production from those areas on the tremendous scale required to fulfill world requirements. As matters now stand, they alone are capable of maintaining and expanding the production of those areas to meet the rising demand for petroleum of the free world. If United States and United Kingdom companies were for any reason expelled from Venezuela and the Middle East, the oil from those areas would to a serious extent be lost to the free world.

13. Where areas have fallen under Soviet domination, such as in Rumania, eastern Austria, Hungary, Czechoslovakia, and Poland, the oil has been lost to the free world. Almost the same result has followed from the expulsion of American and British oil companies from other countries for other reasons. Iran is the most recent example of nationalization. The repercussions of this action have led to an interruption in the flow of a substantial quantity of oil to the free world. While the initial interruption in such cases is caused by negotiating difficulties, the longer-run factors are know-how and capital. The record of nationalization and governmental operations in such countries as Bolivia, Mexico, and Argentina has shown that vigorous expansion of production does not occur, despite excellent prospects.

14. American and British oil companies thus play a vital role in supplying one of the free world's most essential commodities. The maintenance of, and avoiding harmful interference with, an activity so crucial to the well-being and security of the United States and the rest of the free world must be a major objective of United States Government policy.

15. Since the United States is the greatest consumer of petroleum and its products in the world (60% of total world consumption) now and for the foreseeable future, it is vastly important that the operations of the great oil fields of the world remain as far as possible in the hands of American-owned companies. We are gradually increasing imports. To be assured of these imports, and to ensure that this outstanding example of American investment abroad continues to make its great contribution to the American economy and the economies of other countries, it is essential that the American companies have full opportunities for profitable and expanding operations.

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† "United Kingdom" or "British" in this section includes British-Dutch interests. [Footnote in the source text.]

UNITED STATES FOREIGN POLICY OBJECTIVES

16. The operations of American oil companies abroad have profound effects on the conduct of American foreign relations. In the first place, oil is the principal source of wealth and income in the Middle Eastern countries in which the deposits exist; their economic and political existence depends upon the rate and terms on which oil is produced. American oil operations are, for all practical purposes, instruments of our foreign policy toward these countries. These oil producing countries are on or near the borders of the Soviet Union. For this reason and because of certain local conditions the Middle East comprises one of the most explosive areas of the world. The oil companies are in a position of great influence upon our relations with the peoples and governments of these countries. What they do and how they do it determines the strength of our ties with the Middle Eastern countries and our ability to resist Soviet expansion and influences in the area.

17. A major corollary of this is the fact that the internal economic development of these countries depends in good measure upon the operating policies of the oil companies. The United States has been pressing for economic development in the backward areas not solely for humanitarian reasons, but also on the assumption that economic growth contributes to political stability. Oil operations can accelerate that growth, and their cessation can block it. The rate of such growth depends to an important degree on the policies the oil companies follow. They can help or injure the political stability we need in the area.

18. A third factor which interrelates our foreign policy objectives to the operations of the international oil companies is their role as a supplier of western Europe's needs. The terms on which these needs are supplied are critical to the strength and balance-of-payments position of this area which is vital to our security.

19. The operations of the oil companies are also important to our foreign policy objectives in a more fundamental way. At this moment, and for some time to come, the United States and the Soviet Union will be engaged in a struggle to capture the support and the allegiance of political groups throughout the free world. We shall be arguing the case for freedom and dignity of the individual and freedom of enterprise, and we shall claim the virtues of our system in providing well-being and economic growth. The activities of the United States Government in petroleum must be handled in such a way as to avoid giving strength to the claim that the American system is one of privilege, monopoly, private oppression, and imperialism.

20. In this struggle of ideas on which our security depends, the oil companies of the United States play a significant role. Their operations extend throughout the free world. They are by far our largest overseas investment. In many foreign countries, they are the principal contact of the local inhabitants with American enterprise. What such people think of the oil companies, they think of American enterprise and the American system; we cannot afford to leave unchallenged the assertions that these companies are engaged in a criminal conspiracy for the purpose of predatory exploitation.

FOREIGN IMPACT OF FTC REPORT AND ANTITRUST ACTION

21. Before the publication of the FTC Report, the international oil companies have frequently been attacked in underdeveloped countries by governments and private groups on various grounds, and in some cases have been subjected to nationalization or lesser forms of harassment. Even in more developed areas the companies have been feared by existing local vested interests, in part because of their superior efficiency, greater technological abilities, and their great size, necessary for the vast scale of these foreign operations, and in part because they represented a broader and sometimes more vigorous and competitive approach. The companies in some cases have successfully resisted attacks from these sources; in others they have not been so fortunate. In either event, they have for a long time, because of the success of their operations, been vulnerable to the possibility that any derogatory information about them is likely to be seized upon by some elements somewhere in the world, to their disadvantage. The problem in part is to reduce this vulnerability of American oil companies to future attacks.

22. The governments from which the United States has heard officially and directly regarding the FTC Report and the antitrust action have been those of the United Kingdom, the Netherlands, France, and Saudi Arabia. In each case, except France, the communications dealt with the question of making documents available to the Grand Jury in the antitrust investigation.

23. The United Kingdom Government instructed the Anglo-Iranian Oil Company and subsidiaries of other companies located in the United Kingdom to the effect that documents not relating to business in the United States should not be presented to the Grand Jury except with the approval of the British Government. These instructions have been made a part of the official record of the court proceeding.

24. The Netherlands Government, according to an aide-memoire of December 4, 1952 presented to the Department of State, has in-

structed all Netherlands oil companies not to furnish any documents in response to the subpoena.

25. The FTC Report and the antitrust action have been duly noted in the press in many countries. In most cases there has been some editorial comment, mostly in Venezuela and the United Kingdom. The press reports appear primarily to be based on wire services' accounts in the United States, and quote rather widely the reactions of the American oil companies, including references to the attempts to quash subpoenas, and predictions of unfavorable foreign reactions. In the United Kingdom, the FTC Report and the antitrust action have been thoroughly covered in the press, and most of the editorial comment has revealed a lack of sympathy for United States antitrust laws and apprehension over their possible application to British companies.

26. In Venezuela, the only Latin American country where any comment has developed, there has been an unfavorable press reaction, and a suggestion that perhaps a Venezuelan Government investigation of company activities should be undertaken.

27. Middle Eastern reaction in the press has not been highly significant, although apprehension has been expressed that successful antitrust action might decrease oil revenues for the Arab states. The communist, left-wing, and extreme nationalist newspapers have made some unfavorable comments.

28. The Soviet telegraph agency has printed two articles, and Radio Baku has made one propaganda broadcast, which found in the charges of the FTC Report and the antitrust action evidence of American monopolistic imperialism. Revelations which might be made in the course of the current Grand Jury proceedings, or as a result of a criminal indictment and trial, could doubtless be used and distorted by Soviet agencies in such a way as to injure seriously the prestige and security of the United States.

29. This entire situation is fraught with great potential danger to the national interests of the United States. For example, expressed reactions to date in Venezuela, many of which do not voice the threat of nationalization, are less important than the potential reaction which can well develop. The national economy and Government finances are dependent upon the oil industry, and political forces have unanimously backed radical overhaul of the present petroleum laws and the sharp upward revision of the benefits from petroleum to the nation. All political parties in opposition to the Government agree that ultimate nationalization of petroleum is their goal, to be achieved as soon as possible. The opposition has utilized the criminal proceedings to charge the present Government with incompetence and indifference in administering the national wealth, and has placed it in the position of sole Venezuelan

defender of the foreign oil companies. A Government commission has already been appointed to investigate the companies' pricing practices, which are an essential feature of any cartel agreement. Since the present Government is aware of the benefits the industry brings to Venezuela and that the Venezuelans themselves lack the technical skill and marketing facilities to take over the industry, it has pursued a temperate course against its critics which, however, has dismally failed to stem the tide of criticism. The Embassy in Caracas has reported that the companies' broad programs for better public relations and cooperation with the Government have been set back years by the FTC allegations against them. In sum, the criminal action may well renew an era of recrimination and hatred, and stimulate a movement toward anti-Americanism and nationalization of all important foreign investments, including also those in iron ore. Indictment and prosecution would accelerate this trend.

30. The Middle Eastern countries were so long subjected to foreign political and economic control that the motives of any foreign enterprise are still suspect. Although the oil companies are doing much to allay this suspicion, the success of their operations nevertheless invites envy and dislike. Furthermore, anti-Westernism and anti-Americanism are widespread in the Middle East. These are the basic factors, and they are complicated by the feudal or semi-feudal structure of Arab society, in which certain groups may seek to avert or resolve existing frictions by resort to anti-Westernism. The FTC Report and the antitrust action add fuel to the flame.

31. In both Venezuela and the Middle East a wave of economic nationalism which might endanger American interests is entirely possible. Once such powerful political and emotional forces are unleashed, it is difficult or impossible to restrain them. The developments in Iran are an example.

32. There is, of course, no way of preventing adverse reactions arising from the FTC Report, because it has been published and widely disseminated. Therefore, it is hard to assess the full foreign implications of dropping or appearing to drop the antitrust action.

33. The United States is waging a constant struggle to dispel the concept, very much alive not only among communists but also in non-communist circles of the free world, that capitalism is synonymous with predatory exploitation. On the more positive side we seek to make the point that freedom of competitive enterprise is the economic counterpart of the concept of freedom of the individual in the political and social spheres. We have sought to lead the way toward a wide acceptance of this American way of life, and one of our best arguments has been that the productive achievements of the American economy have been attained largely as a

result of the competitive system. Notwithstanding the constant action of the oil companies to expand production at home and abroad, there would be a risk that a United States failure to follow up our antitrust approach with respect to other aspects of oil company operations would be regarded as hypocrisy. This might add to the distrust of capitalism and free enterprise on the part of many elements in the world, and could impair not only the immediate position of the oil companies abroad, but also the broader interests of the United States as a whole.

34. One of the most disadvantageous features of the current antitrust action, in terms of foreign impact, is the fact that an investigation leading to a criminal indictment by a Grand Jury has been initiated. Although under American law a person or a corporation accused of criminal action is presumed innocent until judged guilty, this point is often overlooked by foreign observers. An indictment by a Grand Jury on the complaint of the United States Government, alleging crimes by the leading oil companies and their executives, is almost as effective in foreign propaganda terms as a decision finding the oil companies guilty as criminals and conspirators. This obviously harms the prestige of the companies in other countries, and can very well lead to an adverse effect upon the interests of the United States. Thus, it is concluded that American interests abroad will be adversely affected by the continuation of the present Grand Jury proceedings. Alternative means for dealing with this problem in the light of the foregoing considerations are developed below.

RESOLUTION OF PROBLEMS

35. The objectives of the United States in foreign petroleum require the continuance and expansion of the flow of oil from producing to consuming areas in the free world. United States foreign policy calls for the promotion of political and economic stability and development in the Middle East, Latin America, and other underdeveloped areas. American policy in free Europe requires maximum availability of oil at reasonable prices. United States domestic policy requires compliance with the antitrust laws on the part of the petroleum industry. The extent to which the antitrust laws apply to the foreign activities of petroleum companies is not clear, and judgment on this issue can be rendered only by the courts. The publication of the FTC Report and the initiation of the antitrust action have thus far had some adverse effect upon foreign opinion, on our national security, and on our foreign relations. Potentially great difficulties may arise as a result of the simultaneous pursuit of our security, foreign policy, and law enforcement objectives, unless adequate correlation is achieved. The purpose of the Govern-

ment should be to seek the best means of moving toward all United States objectives effectively and simultaneously.

36. The point has been made above that a criminal indictment and trial of companies which are a major factor in American business abroad can scarcely be conducive to the development of confidence in American business institutions. A good deal of the difficulty caused by this fact could be removed if the criminal action were terminated, and any relief which the United States Government decides to seek were pursued in a civil suit, which might lead to a consent decree. In this way a trial might well be avoided, and hence a great reduction in the number of possible sensational disclosures brought about. Foreign reactions to a civil rather than a criminal action should be substantially less adverse to United States interests.

37. A second aspect of the difference between a civil and criminal action lies in the importance of correcting evils in this sensitive field, if they exist. Correction of any evils which may exist should in fact promote United States security and economic objectives in the foreign field. A criminal action such as that now under way leads to no substantial corrective measures unless and until it is supplemented by a civil action, resolved either through a court judgment or through the negotiation of a consent decree. At the same time, whenever there is a violation of the antitrust laws, a civil action ensures adequate enforcement. It entails less publicity, and brings corrective action more promptly.

38. A third consideration affects United States national security and foreign relations. While it is of paramount importance that American petroleum interests abroad act in a manner consistent with the foreign policy of the United States, industry expects Government support abroad and is entitled to such support, except when it acts contrary to our national interests. In many fields no legal or formal control over the action of American private interests abroad is exercised by this Government. This is in accord with the view that a minimum of regulation and control is an accepted American principle. On the other hand, this means that if Government and industry are to act together to promote foreign policy and security objectives in petroleum, there must be a basis of mutual confidence between them. Criminal proceedings are not likely to produce such confidence between the two parties in this dispute.

39. The fact that the FTC Report has been published and the antitrust action begun creates a series of issues between industry and Government. These issues must be resolved if the groundwork for future cooperation between them is to be laid. Corrective action, if and where needed, and a clearer picture of the interpreta-

tion and application of the law should make this vital cooperation possible.

40. The problem of international petroleum, with all its complex and diverse elements, should be reviewed by the responsible executive departments. A commission consisting of the Secretaries of State, Defense, Interior, and Commerce should be created to give careful attention to the interrelationships of antitrust, security, and foreign policies in petroleum. The commission should have as its specific task the development of recommendations to the President on changes, if any, in oil company practices or structure required by security, economic, and political considerations in the foreign field, which changes would have a bearing upon the remedies that might be sought in an antitrust suit. The commission's work should be of a classified nature, and it should be required to report on this subject within a specified period of time, for example 90 days from the time of appointment.

41. The commission's report could be used by the President as he saw fit, and presumably would be useful to the Attorney General in developing the specific form of relief which might be sought from the companies. The Attorney General will no doubt wish to have a reasonable measure of latitude, but the commission could well demarcate certain areas of primary importance in the foreign policy and security fields.

42. If this program—terminating the criminal action and establishing a Cabinet commission with the foregoing terms of reference—were put in effect, a careful and explicit statement should be made to the public both at home and abroad. This statement should explain why the criminal action was being terminated and what the Cabinet commission would be expected to do, and assure the world that security and foreign policy considerations would be major factors in the determination of United States action in international petroleum.

RECOMMENDATIONS

43. The Departments of State and Defense submit the following recommendations to the National Security Council:

a. The Grand Jury proceedings now under way should be terminated.

b. The President should appoint a Commission of the Secretaries of State, Defense, Interior, and Commerce (the Attorney General should be invited to attend the sessions of the Commission, and to participate to the extent considered appropriate by him and the Commission) to develop recommendations regarding our national objectives and policies in security, economic and political fields which have a bearing on the application of United States antitrust laws to the overseas operations of United States oil companies, and to the remedies to be sought in a civil antitrust suit.

c. The President should instruct the Attorney General to prepare a complaint as a basis for a civil action under the antitrust laws, if in the judgment of the latter this action is warranted, copies to be transmitted to the members of the Commission mentioned in recommendation b for their information as soon as practicable after completion but in any event at least 10 days before it is publicly filed.

d. An announcement of this course of action should be made by the President.

44. The Department of the Interior concurs in the foregoing report (not including its recommendations in paragraph 43), the report being generally in accord with the memorandum of the Secretary of the Interior (NSC 138), but the Department of the Interior does not either approve or disapprove the recommendations in paragraph 43 and does not join therein.

No. 280

PPS files, lot 64 D 563, "Strategic materials (oil)"

Report by the Departments of State and Defense [1]

SECRET WASHINGTON, [January 6, 1953.]

NSC 138/1

FOREIGN PETROLEUM POLICY

1. The question of the applicability of anti-trust laws to the international operations of the oil companies has called attention to the fact that there are many complex and intricate problems, of great importance in our national security and foreign policy, inherent in the situation. These problems are likely to be of substantial duration, and the effective disposition of the current action against the oil companies will contribute only to a partial solution of them. It is the conviction of the Departments of State and Defense that the entire situation needs to be examined in all its aspects by responsible Executive departments.

2. The Departments of State and Defense therefore recommend that the commission proposed in the report submitted to the National Security Council in response to NSC Action No. 692 be asked to undertake a full study of the problem, and to report within a year. For this purpose the Commission should have its terms of reference extended to include the following:

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[1] See footnote 1, *supra*.

a. Clarification and development of national objectives and a national economic and political policy on foreign petroleum.

b. A determination of the security objectives of the United States and its allies in regard to petroleum and the development of a program for assuring the achievement of these objectives.

c. Examination of American foreign petroleum operations and recommendations as to the best means of assuring consistency between United States objectives and oil operations in such fields as pipeline agreements, concessional arrangements, marketing arrangements, and transport.

d. A definition of the proper role of the United States Government in regard to foreign oil operations, and recommendations on the development of effective cooperation abroad between the Government and the petroleum industry.

e. Review of the impact upon United States objectives of nationalism and tendencies toward nationalization in underdeveloped countries where oil is produced by American companies.

f. The study of petroleum problems faced by consuming countries, such as cost, assurance of supply, and machinery for distribution.

g. Review of relationship of anti-trust law and policy to United States objectives in foreign petroleum.

h. Consideration of intergovernmental relationships concerning petroleum, and recommendations on possible changes in these relationships.

i. Recommendations on means for coordinating United States Government action in the more complex situations where security, political, economic, foreign, and domestic influences come into play.

j. Recommendation for such legislation as might be required.

3. In making this recommendation, the Departments of State and Defense recognize that portions of this problem have been and are being attacked either separately by various Government agencies, or together through the National Security Council. This material should provide a useful background for the study now suggested. (NSC 97, 129/1, and 136 have a bearing on this subject.) The Departments of State and Defense believe that these efforts should be joined in a fundamental attack on the problem, for the purpose of evolving a truly national program, properly coordinated, and carefully designed to assure the clarification and achievement of the objectives of national policy in this highly important and sensitive field. Failure to approach the problem on such a basis can result only in recurrent crises and improvised solutions.

No. 281

PPS files, lot 64 D 563, "Strategic materials (oil)"

Report by the Department of Justice [1]

TOP SECRET WASHINGTON, [January 6, 1953.]

NSC 138/1

THE GRAND JURY INVESTIGATION OF THE INTERNATIONAL OIL CARTEL

1. Following cancellation of wartime suspension of anti-trust investigations and prosecutions of the oil industry, investigation of worldwide oil cartel activities was resumed. Much information had been obtained through file searches conducted under grand jury subpoenas in 1940 and 1941. Coincident with this resumption, the Special Committee of the Senate Investigating the National Defense Program, was engaged with public hearings on the same subject. The Chairman of that Committee had requested the Attorney General to look into cartel relationships which were alleged to have caused the United States Navy to pay high prices for petroleum products purchased from American companies doing business in the Middle East. Additional file searches were conducted in 1946 and 1947 and the American oil companies supplied copies of current contracts and other arrangements through 1949.

2. On December 2, 1949, the Federal Trade Commission passed a resolution to investigate "agreements entered into by American petroleum companies among themselves and with petroleum companies of other nations in connection with foreign operations and with international trade in petroleum and petroleum products." Subpoenas *duces tecum* were issued in January 1950. In order not to duplicate the investigative work of the Commission, this Department deferred further investigation until the Federal Trade Commission staff filed its report in October 1951. On December 2, 1951 the Select Committees on Small Business of both the House and Senate published a report on The Third World Petroleum Congress by Elmer Patman, appointed to investigate oil cartel activities. Thereupon a study and appraisal of all available material was made. The Attorney General decided that further investigation by grand jury process was necessary and recommended such action to the President who, on June 23, 1952, instructed that proceedings go forward immediately.

3. Early investigative efforts revealed the outline of a world cartel formed as early as 1928 by one American and two foreign oil

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[1] See footnote 1, Document 279.

companies. Over the succeeding years many other American companies joined the cartel. It appears that the uninterrupted extension and continuance of the basic cartel agreements have resulted in a world-wide pattern in which seven of the major oil companies—(1) control all major oil producing areas outside the United States; (2) control all foreign refining operations; (3) control patents, know-how and technology covering refining processes; (4) effectively divide world markets; (5) maintain non-competitive world prices for oil and its products; and (6) control foreign pipeline and world tanker transportation facilities.

4. Since petroleum and petroleum products are so essential to national defense, world economic recovery and defense of the free world, it is imperative that petroleum resources be freed from monopoly control by the few and be restored to free competitive private enterprise. Any full scale mobilization would depend more on petroleum products than upon any other commodity.

5. The domestic oil economy of this country is directly involved in and affected by cartel operations. Imports of crude oil into the United States are not free and subject to the natural competitive forces of our economy but are regulated by contracts and agreements between American companies. A cartel program for agreed upon imports is supplanting domestic production and retarding the drilling of new wells to find and earmark *proven* reserves as an underground stockpile, available for immediate production beyond present actual production. As Secretary Chapman pointed out on November 12, 1952 "We do not begin to have the reserve we should have in order to provide, not absolute security, but just the minimum of security that would give us room to maneuver in the opening months of a war". Deputy Petroleum Administrator J. Ed Warren publicly stated on October 31, 1952 that our domestic reserve capacity is less than one million barrels per day, which is only 15% of present domestic consumption. In his words—"That's a percentage much too small for comfort".

6. In order to maintain the fictitious pricing bases, the American cartel partners engage in uniform collusive bidding when our military seeks to buy petroleum products from them in foreign lands. The Department of National Defense has transmitted this evidence to the Department under the provisions of Title 41, U.S. Code, Section 151(d). The same pricing practices have been engaged in when selling to Mutual Security Agency for European delivery. At least three of the American companies have "over-charged" the MSA approximately 70 million dollars in approximately a 3-year period, on the basis of lower prices they charged on sales "among themselves". At the request of MSA suits to recover these overcharges have been filed by me. Prices for Middle East oil, delivered to any

point in the world, are based on the fiction of American Gulf Coast prices plus delivery costs to a given destination.

7. The international petroleum cartel is a serious threat to our national security. Prompt discovery of its dimensions and effects, and expeditious termination of the cartel and its effects can be accomplished only by pursuing the pending grand jury investigation.

8. Noting that we do not begin to have the domestic petroleum reserve we should possess in order to provide even the minimum of security that would give us room to maneuver in the opening months of a war, the Secretary of the Interior has said that he is not sure how we can go about getting the reserve we must have, and that the present profit incentive alone may prove inadequate to produce the results we must have. This problem exists in the presence of a world cartel whose total operations and total effects are not known but can quickly be ascertained by the grand jury through the subpoena process which it has set in motion to secure the facts.

9. As with petroleum reserves so also with aviation gasoline—we teeter on the edge of a great shortage in the grades the military must have. The prospect is for increasing shortage unless something is done and done quickly, in the words of the Secretary of the Interior. While recognizing industry's reluctance to build installations for manufacture of the essential alkylate, the Secretary emphasizes that the military need is imperative. This condition, in a period of high productivity and high profitability of company operations, is traceable to the cartel, for the American companies, by working within the cartel, can make more money by investing it abroad than by creating additional domestic facilities. The Paley Commission recently reported that private American investment abroad in the petroleum industry has risen from 1.3 billion dollars in 1940 to 4.1 billion dollars in 1948; and that the ratio of earnings to book value on such direct foreign investments was 27.6% in 1948, whereas the ratio on domestic petroleum investment was only 22.7% in the same year. Here again the condition can be illuminated, and speedily corrected, only by going forward with the grand jury investigation. Any other effort to find the facts and correct them will take so much longer to complete that it will subject the national security to continuing and increasing hazards.

10. Moreover, the cartel constitutes such a complex network of close relationships and joint interests among the major United States and foreign companies as to inevitably identify and entangle the United States with economic and political decisions of foreign governments as to oil. The dangers inherent in this situation ought to be ended in the most expeditious way.

11. The cartel arrangements are in effect private treaties negotiated by private companies to whom the profit incentive is paramount. The national security should rest instead upon decisions made by the Government with primary concern for the national interest. Those private treaties and the other cartel arrangements have already served and can continue to serve as an agreed upon deterrent to development of our domestic resources by the major American companies. This is not to say that importation of petroleum and petroleum products should be discouraged. But the basic noncompetitive principle of a world cartel requires the major domestic producers to agree to give up both normal incentive and freedom to do the major work of enlarging our domestic petroleum resources. As a result, the cartel members, by their control over dominant segments of the domestic industry, regulate and determine the extent to which this nation shall be dependent on foreign supplies which could be cut off in time of war. *

12. This cartel has existed since 1928, but has been extended and complicated over the years. Its general structure and skeleton are known, but its total outlines and proliferating effects are not known. They could be uncovered by a Congressional Committee but such an investigation could not make any determination as to the legality or illegality of the multiform operations and their effects. In the presence of clear evidence of criminality, as indicated in the staff report of the Federal Trade Commission, the grand jury investigatory method is clearly indicated for two objectives must be achieved: (1) the cartel's total operations and effects must be brought to light in order that (2) it shall be promptly ended. These combined needs can be met only by grand jury investigation if the public interest in adequate petroleum supplies is not to be hazarded by needless delay.

13. Civil antitrust action is not adequate for the necessities. A civil complaint could be filed but it would have to be very narrowly drawn since only the skeletal facts are available. Similarly, an indictment could have been returned on the basis of the Federal Trade Commission's staff report and a small number of documents

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* The industry itself through a January 1949 report of the National Petroleum Council, warned:

Imports in excess of our economic needs, after taking into account domestic production in conformance with good conservation practices and within the limits of maximum efficient rates of production, will retard domestic exploration and development of new oil fields and the technological progress in all branches of the industry which is essential to the nation's economic welfare and security.

Since the date of this warning the pattern of dependence of foreign supplies from sensitive areas of the world has become more deeply imbedded; indeed, by the end of 1950 the excess of imports over exports of petroleum and petroleum products increased by almost 350 percent. [Footnote in the source text.]

in the possession of the Department of Justice. But in order to do justice to the public interest and to be fair to the companies and their principal officials, it is essential that all of the relevant facts be known and weighed. A civil case, on the basis of experience with comparable activities, would require four to six years to complete. An indictment and trial could be concluded within twelve to fifteen months.

14. Conviction under an indictment will leave correction of the conditions found to be illegal to the companies by renegotiation, while a judgment in a civil case would put responsibility upon a judge to reorient a world industry by decrees acceptable to foreign governments. Correction will be accomplished much more rapidly and smoothly if the companies are obliged to set their houses in order, in view of the nature of the international petroleum industry.

15. The secrecy of a grand jury investigation makes it preferable to an investigation by any other means, such as a Congressional or interdepartmental committee, or a civil antitrust suit. Grand jury investigation will avoid the possibility of public, inflammatory exposures. The pending investigation is being conducted with the aid of a committee composed of representatives of State, CIA, Defense and Justice, specifically concerned with problems of sensitivity and the international repercussions of the inquiry, with provision for submission to the President of questions which cannot be otherwise resolved.

16. The Sherman Act was described by Chief Justice Hughes as our charter of economic freedom. The Supreme Court has repeatedly rejected proof of public benefit and business necessity as justification for cartel operations and has emphasized the primacy of economic freedom as the highest value for our economy. Our concern for an adequate future supply of petroleum is a concern ultimately for the preservation of freedom for ourselves and the free world. Free private enterprise can be preserved only by safeguarding it from excess of power, governmental and private. The selective socialization of business in the ancestral home of our free institutions points to the end result of the cartels which flourished and became the outstanding characteristic of the British economy after Great Britain adopted the Import Duties Act of 1932. The world petroleum cartel is authoritarian, dominating power over a great and vital world industry, in private hands. National security considerations dictate that the most expeditious method be employed to uncover the cartel's acts and effects and put an end to them. The urgency of these considerations requires that the grand jury investigation go forward even though it might ultimately appear that indictments would not be warranted. The facts presently available

strongly suggest that the high policy represented by the Sherman Act has been consciously and persistently violated by activities long since determined by the Supreme Court to be illegal. The cartel should be prosecuted criminally if there is to be equal justice under the law and if respect for the law and its even-handed administration is to be maintained. Far from hurting us abroad, the investigation and prosecution of this cartel's activities will authenticate our protestations made continuously through the Marshall Plan, ECA, MSA, Point IV and NATO. We cannot promote free private enterprise and productivity abroad unless we are seen to conscientiously enforce our laws designed to preserve them for our own economy and our own domestic and foreign commerce.

No. 282

S/P-NSC files, lot 61 D 167, "Free world petroleum demands and potential supplies, national security problems re (NSC 138, 138/1)"

Memorandum by the Counselor of the Department of State (Bohlen) to the Secretary of State [1]

TOP SECRET WASHINGTON, January 9, 1953.

Subject—National Security Council Meeting

The President approved *in toto* the statement of State–Defense recommendations in NSC 138/1 on the Petroleum Antitrust Case. Recommendations of State and Defense received the solid support of the other agencies which joined in the discussion (Mr. Snyder had no comments to make). Commerce, Interior, ODM, CIA and MSA all emphasized the damaging effects to our national security that the continuance of the criminal case would involve. Justice on the whole presented a rather weak case and in line with the paper submitted to the Council tended to stray into areas in which they were not as well informed as Interior. After hearing all the discussion the President said that his whole record had been one in opposition to the trusts but in this case he felt that the considerations of national security were overriding and that he approved the State–Defense recommendations to terminate the criminal suit and to request the Attorney General to prepare a complaint as a basis for a civil action as recommended.

After the President rendered the decision the meeting was immediately adjourned so there was no opportunity to discuss procedures. After the meeting I had a few words with Jimmy Lay who said he thought the President would wish to move swiftly on this matter and requested that we should let him have an announcement, as provided in the recommendations, as soon as possible.

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[1] Copies of this memorandum were sent to Bruce, Matthews, Nitze, Linder, and Fisher. A handwritten note in the margin stated that the Secretary of State had seen it.

At Mr. Bruce's suggestion, Mr. Fisher is undertaking to prepare such a statement in conjunction with Defense and will get in touch with Mr. Lay for this purpose.

The question of whether Mr. Truman should appoint the Commission or should recommend its appointment to his successor was left undecided for the reason indicated above.

CHARLES E. BOHLEN

No. 283

PPS files, lot 64 D 563, "Strategic materials (oil)"

The President to the Attorney General (McGranery) [1]

WASHINGTON, January 12, 1953.

DEAR MR. ATTORNEY GENERAL: As a result of factors which have emerged since the institution of the current grand jury investigation of the international activities of the major oil companies, I am of the opinion that the interest of national security might be best served at this time by resolving the important questions of law and policy involved in that investigation in the context of civil litigation rather than in the context of a criminal proceeding. However, I believe that this would be the case only if the companies involved agreed to the production of documentary material which the companies are required to produce under an existing order of court based on grand jury subpoenas.

Consequently, I ask that you promptly confer with representatives of the companies to ascertain if they will agree to enter into a stipulation to that effect. If they will, I ask that a civil proceeding be instituted accordingly and that appropriate steps be taken to cause the termination of the pending grand jury proceedings.

Sincerely yours,

HARRY S. TRUMAN

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[1] Source text taken from White House press release.

No. 284

886A.2553/2-1153

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) [1]

SECRET WASHINGTON, February 11, 1953.

Subject: Proposed Treasury Action on Auditing Aramco Tax Statements

Problem

It has come to my attention that the Treasury Department is now auditing Aramco's 1950 tax statement. 1950 was the first year that Aramco initiated the 50–50 profit-sharing formula in the Middle East which had the effect of transferring to the Saudi Arabian Government corporation taxes paid previously to the United States Government. Two offices in Treasury are apparently interested in this problem: the legal staff and the policy staff. It is understood that from a legal point of view Aramco is within the law; from a policy point of view it is understood that Treasury is most reluctant to take the full onus of allowing this transfer of tax and will recommend to the Secretary of Treasury that he first obtain clearance from Congressional leaders. [*] The question is what action, if any, is required of State at this time.

Background

The Saudi Arabian Government passed an income tax law in 1950 providing for a corporation tax which, when added to existing royalty payments, would give the Saudi Arabian Government and Aramco a 50–50 split of net profits. The company agreed to this tax on the grounds that taxes paid to Saudi Arabia could be deducted from their U.S. tax. Company lawyers were assured that this move was legal and could find precedents in Venezuela for this action.

The Aramco move quickly led to similar action by the other American companies operating in the Middle East. The net transfer from the U.S. Treasury is now probably in the neighborhood of two hundred million dollars a year. In order to become legally eligible for this U.S. tax credit Gulf in Kuwait went through a complete company reorganization, and Jersey and Socony in Iraq undertook incomparably complex and protracted inter-company negotiations with their French and British partners (and Gulbenkian) who in turn heavily involved the British and French Governments in this problem. The Department has fairly extensive files on these oil company negotiations.

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[1] Drafted by Funkhouser and addressed to Linder, Phleger, and Mann.

[*] This information on Treasury action should be closely held within State. [Footnote in the source text.]

Discussion

Although it is difficult to foresee the precise results such action would have in the Middle East, the complications in the international oil business which would result from a negative finding on the part of the U.S. Government could be expected to be severe. It also is most probable that Middle East governments would react by forcing these companies to incorporate locally. The companies themselves might even recommend this course to the local governments. This would presumably serve to negate any negative decision taken by the Treasury Department and we might be just where we are now, plus a certain amount of publicity, which from the NEA point of view could be expected to be damaging.

Conclusion

I would appreciate your consideration and advice on this problem.[2] On a basis of the few facts at my disposal regarding the tax problem and having in mind the apparently fruitless and unfortunate results of the antitrust moves on an already upset Middle East, I wonder if it might not be in the national interest for the Secretary of State to suggest resolving this problem by Executive study and action rather than turn the problem over to the Legislative Branch of the Government. Such a course would seem particularly appropriate if it is established that the companies and Middle East governments can in effect force a ruling in their favor regardless of what the U.S. Government decides, i.e. by incorporation abroad.

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[2] In a response to Byroade, dated Feb. 12, Phleger stated that he thought it unwise to try to keep the Secretary of the Treasury from discussing the matter with appropriate Congressional leaders and suggested Byroade or Linder inform the appropriate Treasury official the Department of State was interested in seeing a prompt resolution of the matter as quietly as possible in view of the foreign policy considerations set forth in the memorandum. (886A.2553/2-1153)

No. 285

886A.2553/2-1353

Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser) and the Chief of the Petroleum Policy Staff (Eakens)

SECRET [WASHINGTON,] February 13, 1953.

Subject: Proposed Treasury Action re Auditing Aramco Tax Statements

Participants: PED—Mr. Eakens
L/E—Mr. Metzger
ARA—Mr. Davis
OSA—Mr. Bernbaum
NE/E—Mr. Boardman
NE—Mr. Fritzlan
NE—Mr. Funkhouser

At a meeting on this subject this afternoon, the following conclusions were reached:

1. Change in existing policy of allowing U.S. tax credits for foreign taxes paid by American corporations could have serious economic and political repercussions on U.S. foreign affairs. Such a change might seriously affect not only the relations of oil companies with concessionary countries and the stability of their concessions but also U.S. foreign investment generally.

2. The information available regarding Treasury consideration of this problem is meager and the first move should be to find out from Treasury the facts of the case.

3. It was the consensus of the group that the Department should contact the appropriate official in Treasury to express the Department's interest in this problem and to request whatever facts Treasury can make available. Such an approach might be made on the general basis that "the Department understands that Aramco's 1950 tax return has now come up for final audit". It was considered that at this point an *informal* approach would be desirable. It was felt that the approach might most appropriately be made to Mr. Andrew Overby, Assistant Secretary of Treasury, by Mr. Linder.

4. Papers prepared by Mr. Byroade [1] and Mr. Metzger [2] on this subject are attached.

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[1] Memorandum of Feb. 11, *supra*.

[2] The paper under reference here is the memorandum by Phleger cited in footnote 2, *supra*, which was drafted by Metzger.

No. 286

786A.0221/3-1853

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] March 18, 1953.

Subject: Boundary Disputes Involving Persian Gulf Sheikhdoms

Participants: Mr. Harley Stevens, American Independent Oil Company
NEA: Mr. Jernegan

Mr. Stevens said that his Company had a considerable interest in the dispute between Saudi Arabia and the British over the boundaries between Saudi Arabia and the Sheikhdoms of the Persian Gulf. This interest arose out of the fact that the boundaries of the Kuwait neutral zone, in which American Independent has a concession, were not fully settled and any eventual changes would, of course, affect the area to which the Company's concession applied. He also mentioned that the concession included the territorial waters of the neutral zone and that here again boundary questions could arise as it had never been determined precisely how the land boundary lines should be projected out to sea.

With respect to the boundaries on land, Mr. Stevens observed that his Company would be pleased to see the northern frontier of the neutral zone moved to the North and would therefore welcome any attempt by King Ibn Saud in that direction. The reverse would be true, however, with regard to the Southern and Western boundaries. If they were moved in favor of Saudi Arabia, this would reduce the total area of the zone and hence the total area of the concession.

With respect to the sea boundaries, Mr. Stevens pointed out that a great deal would depend on whether they were considered to be perpendicular to the shore line at the points where the land boundaries touched the shore, whether they were considered to be projections of the land lines in the direction those lines took in approaching the shore, or whether some other basis was adopted. He recalled having seen a map prepared a few years ago in an attempt to make a fair division of the waters of the Persian Gulf among all the riparian states. This had given Kuwait and the neutral zone almost nothing and a vastly disproportionate area to Iraq despite Iraq's very short coast line on the Gulf. His Company would be very unhappy to see something of this sort adopted. For the present, he was not asking any assistance from the Department since American Independent had recently agreed with the British authorities to be guided by the British in the location of any offshore wells it might undertake to make sure that drilling was not attempted in areas which might come under dispute. In any case the question was not of immediate importance to the Company because it did not intend to attempt offshore drilling unless and until it had found oil on land.

Incidentally, Mr. Stevens said that his Company had been trying to get British concurrence in the thesis that Kuwait and neutral territorial waters extended six miles rather than three miles offshore. It based its argument on the fact that Saudi Arabia claimed six miles and since Saudi Arabia had a half interest in the neutral zone, it was unreasonable to restrict American Independent to a three-mile limit merely because the British only claimed three miles for Kuwait. An agreement had recently been reached and would shortly be signed by the Sheikh of Kuwait which did not precisely state that the territorial waters extended six miles offshore but which contained a formula that did in fact permit American Independent to drill up to the six-mile limit.

No. 287

880.2553/3-2654

Memorandum of Conversation, by Richard Funkhouser and David Robertson of the Office of Near Eastern Affairs

CONFIDENTIAL [WASHINGTON,] March 26, 1953.

Subject: Oil Discussions with British Embassy Representatives

Participants: Harold Beeley, Counselor, British Embassy
Angus Beckett, Petroleum Attaché, British Embassy
British Legal Representative
Mr. Byroade—NEA
Mr. Robertson—NE/E
Mr. Penniman—PED
Mr. Hart—NE
Mr. Funkhouser—NE

Mr. Beeley addressed himself to two principal points: (a) the status of 1952 U.K. note recommending close inter-governmental cooperation on Middle East oil problems and (b) the specific problem of pipeline transit agreements with Middle Eastern states. Counselor Beeley recalled that Assistant Secretary McGhee had suggested an Anglo-American statement in 1951 setting forth joint U.S.-U.K. oil policy for the Middle East. The joint declaration would throw support behind the 50-50 agreements. While this course had not been considered expedient by the two governments, Mr. Beeley stated that the U.K. was strongly in favor of coordinating efforts with respect to Middle East oil problems. Consequently, they had put their position into a formal note to the State Department in January 1952. [1] No reply had ever been received from the State Department and Mr. Beeley asked if it would not be appropriate for the U.K. Government to formally present another note continuing the latest thinking on this problem. He also observed that Mr. Eden had mentioned the desirability of continuing close consultations in recent discussions with the Secretary.

A Departmental representative provided additional background information which included the points that: (a) the U.S. Government discouraged the idea of a joint declaration as it might provide an upsetting factor rather than stabilizing factor in the Middle East; (b) the British note had not been answered due to difficulty which the Department had found in trying to formulate its position, particularly at a time when the Justice Department was initiating action against U.S. companies as well as British subsidiaries in the United States for violation of the anti-trust act; and (c) the Department had, however, recognized the need for close exchange of information on the Governmental level and had instituted monthly meetings with representatives at the British Embassy for this purpose. Mr. Beeley was apparently not aware that these meetings had been called from time to time at either the request of PED or the British Embassy and it was concluded that continuation of these informal meetings would be satisfactory to both parties without the necessity for a new formal note from the U.K. Government.

Regarding the specific problem of pipeline transit problems, Mr. Beeley stated that Middle Eastern states might endeavor to play off the British and American pipeline companies in the area against each other and felt that it would be in the interest of both the United States and Great Britain to try to arrive at a position which would serve to stabilize this situation in the area. He recalled that earlier his Government had suggested that IPC and Tapline get together to work out common agreement on their position with the countries transited. However, the anti-trust position of the Department of Justice had precluded the American companies from participating. Alternatively, the Foreign Office had suggested that each Government obtain necessary information from their respective oil companies and endeavor to arrive at a formula at a Government level. When the two Governments had agreed, they could each advise the companies concerned. Departmental representatives stated that the American companies had been contacted but were unable to come up with any conclusions with respect to a desired formula for governing transit payments. They added that the attitude of the Department of Justice may have a bearing on the willingness of the companies to participate in any plan whose purpose was to agree on a formula for transit payments.

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[1] Not found in Department of State files.

Mr. Byroade stated that it was possible that in one or two decades the entire complex in the Near East may change from the present pattern of private company operations to a buyer/seller arrangement with the country owning the resources selling direct to distribution organizations. He added that some high level planning must be undertaken, possibly including new Congressional legislation, if the American oil industry position is to be preserved in some way acceptable to the countries concerned. Mr. Beeley observed that the Anglo-American oil agreement, had it been concluded, could have taken cognizance of just such a problem.

Mr. Beeley asked if Aramco could be made aware that Tapline back payments to Saudi Arabia might cause Iraq to increase its demands from IPC. He was informed that nothing Aramco was doing in this respect would prejudice the position of IPC.

Mr. Beckett confirmed that U.K. Governmental requests to British companies had been made concerning their views on the pipeline problem but that no conclusions had been reached by the British companies, let alone the U.K. Government.

No. 288

Conference files, lot 66 D 95, "NSC 138 Memoranda"

Memorandum by the Legal Adviser (Phleger) to the Under Secretary of State (Smith)

[WASHINGTON,] April 21, 1953.

Subject: Civil Anti-trust Oil Case

1. The United States today filed its complaint in the Civil Anti-trust oil case. A copy is attached.[1]

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[1] Not printed. The defendants listed in Civil Action No. 1779-53, filed in the U.S. District Court for the District of Columbia, were Standard Oil Company (New Jersey), Socony-Vacuum Oil Company, Inc., Standard Oil Company of California, Texas Company, and Gulf Oil Corporation. (Conference files, lot 66 D 95, "NSC 138 Memoranda")

2. The Attorney General, at the request of the State Department, dropped the following-named companies from the proposed defendants:

Arabian American Oil Company (Aramco)
Anglo Iranian Oil Company, Ltd.
Royal Dutch Shell Company
Bahrein Petroleum Company
Mediterranean Refining Company
N.V. Pacific Matschapii

You will note that the only defendants named are American companies.

3. I have advised the Attorney General that the State Department will answer the British and Dutch notes, in which they request the elimination of British and Dutch companies from the list of defendants and that he need not suggest a form of answer.

4. It is recommended that you write the Attorney General, thanking him for his co-operation in this matter.

5. The minutes of the Security Council action relative to this matter has been amended to read as follows and has been approved by Mr. Cutler and by the Attorney General.

> "b. Noted that the Secretary of State agreed with the decision in a to discontinue the criminal proceedings but believes that the institution of a civil suit would seriously prejudice United States foreign relations unless the proceedings are conducted with due regard for all matters affecting such foreign relations as well as national security."

No. 289

887.2553/4-2353: Telegram

The Acting Secretary of State to the Embassy in Lebanon [1]

CONFIDENTIAL WASHINGTON, April 23, 1953—11:13 a. m.

1917. Memorandum from U.K. representatives Washington states Lebanese Government exerting pressure IPC allocate twenty per cent Tripoli production local marketers. British suggest coordinated approach Lebanese Government pointing out our Governments cannot condone action voiding 1952 agreement or approve negotiations under duress; that transit and market arrangements have always, as provided for in concession, been negotiated between company and Lebanese Government and that Lebanese Government cannot expect IPC accept unilateral action this matter since production allocation is one of benefits to follow ratification of 1952 agreement.

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[1] Drafted by Penniman and cleared by NEA and, in draft, by OMP and L/E.

Department assumes Embassy informed and proceeding take appropriate measures informally prevent any such unwarranted action by Lebanese Government bearing in mind that IPC is a U.K. company with predominant U.K. interest and consequently U.K. should logically take initiative. Department opposed to formal coordinated approach with British at this time but favors effective cooperation at Beirut and has so informed British Embassy. Presumably U.K. Embassy Beirut has appropriate instructions.

SMITH

No. 290

Editorial Note

Telegram 823 from Jidda, April 24, reported the Aramco negotiators had been summoned to Riyadh on April 19. Only one meeting was held, at which Aramco presented its pricing proposal, which the Saudis agreed to consider. The negotiations were then suspended for several days by mutual consent. (886A.2553/4-2453) Despatch 347 from Jidda, May 16, transmitted a detailed account of the Aramco proposal on pricing and an account of meetings held between Aramco and Saudi Arabian representatives at Dhahran for 4 days at the beginning of May and at Riyadh in the middle of May. During these meetings, Aramco representatives, although insisting their past payments had been reasonable, agreed to discuss retroactive payment back to January 1, 1952, as long as that question, together with pricing and other outstanding matters, could be settled all together at one time. When the Aramco negotiators refused to consider making retroactive payments for 1951, the Finance Minister told them they had made a mistake in not agreeing with his suggestions. He then announced he was withdrawing from the negotiations and turning the matter over to the Government to handle as it saw fit. (886A.2553/5-1653)

No. 291

886A.2553/5-2053: Telegram

The Acting Secretary of State to the Embassy in Saudi Arabia [1]

CONFIDENTIAL WASHINGTON, May 20, 1953—7:21 p. m.

646. Department informed by Aramco that as result recent price fixing negotiations Aramco confronted by Saudi proposal that new values (1.462 for Ras Tanura 1.898 for Saudi-Jordan frontier) be accepted for future and made retroactive to cover period from beginning 1951 and be basis of sharing earnings for this period. Aramco negotiators had indicated this not acceptable but they would be willing recommend price increase be made retroactive to beginning 1952.

Aramco has now received report from Davies stating negotiations to be resumed May 21 under chairmanship Faisal and that according reliable but unofficial information Saudi proposals to be presented as having approval of King and constituting last word. If Aramco reaction negative Saudis reportedly prepared "take steps protect their interest", presumably implying immediate retaliatory measures and possibly eventual nationalization.

In face of such ultimatum Aramco negotiators have been authorized accept Saudi proposals.

SMITH

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[1] Drafted by Fritzlan and cleared by NE and PED. Repeated as telegram 252 to Dhahran.

No. 292

Editorial Note

Despatch 359 from Jidda, May 30, transmitted to the Department of State an account of two meetings held on May 21 and May 23 between Aramco representatives and a Saudi Arabian group headed by Prince Faisal. At a short meeting on May 21, Prince Faisal handed the Aramco representatives a memorandum which stated the specific demands of the Saudi Arabian Government regarding oil pricing. On May 23, Aramco representatives stated they could not accept the Saudi Arabian memorandum, and agreement was reached to reconvene the negotiations after Ramadan. (886A.2553/5-3053) Despatch 393, June 27, reported to the Department of State that Aramco representatives had brought to the Embassy's attention a number of measures recently adopted by the

Saudi Arabian Government which they considered clearly planned to force Aramco to agree to the government's pricing proposals. (886A.2553/6-2753)

No. 293

886A.2553/6-353: Despatch

The Ambassador in Saudi Arabia (Hare) to the Department of State [1]

CONFIDENTIAL JIDDA, June 3, 1953.

No. 366

Ref: Embassy despatch 362, June 1, 1953. [2]

Subj: Aramco–SAG Soft Currency Discussions

Threatened revision of many of its selling contracts in Europe and the Far East has caused the Arabian American Oil Company (Aramco) once again to approach the Saudi Arabian Government in an attempt to soften the latter's intransigent attitude towards acceptance of greater percentages of soft currencies, particularly sterling, in the Company's payments to the Government.

On January 28, Aramco presented to the Dammam Office of the Ministry of Finance a letter, couched in very general terms, calling the attention of the Government to the fact that, in order to hold its own with competing centers of sterling-produced petroleum, the Company would, in the near future, have to be prepared to agree to a substantial substitution of sterling for dollars in sales to Europe.

Since the 28th of January, pressure has been put on Aramco's associated marketing companies by several oil consuming countries (England, France, The Netherlands, Germany, Switzerland, Sweden, Spain and Japan) to accept larger proportions of oil sales proceeds in non-dollar currencies. Britain alone, apparently, seeks to substitute sterling for amounts now paid in dollars totaling $8,000,000. Japan has protested the imbalance of its trade ($13,900,000 versus $830,000) with Saudi Arabia. Italy's views in this regard were reported in the reference despatch.

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[1] Repeated to the Arab capitals, to Beirut for the Petroleum Attaché and the Treasury Attaché, and to Dhahran.

[2] Not printed; it concerned the Italian trade imbalance with Saudi Arabia. According to the Italian Minister to Saudi Arabia, the value of Italy's dollar oil purchases from the associated marketing companies of Aramco in 1952 was approximately 20 times greater than the value of Italian exports to Saudi Arabia. Unless Italy could substitute sterling for a large part of the dollars paid and find a greater market for its products in Saudi Arabia, it would have to stop buying Saudi oil and turn to the sterling production of Iraq and Kuwait, or even Iran. (886A.2553/6-153)

Aramco calculates that, should the European countries successfully press their present demands—the Company's only alternative to non-compliance with these demands is loss of its markets—the Company, after maximizing its own use of soft currency, would still have to substitute sterling valued at $12,000,000 annually for royalty payments now made to SAG in dollars. This would mean increasing to 42 percent (from the present 25 percent) the portion of royalty payments made in sterling.

On May 20, R.S. Hawkey, Aramco's Assistant Treasurer, flew to Jidda for discussion of this problem with Mr. George Blowers, Governor of the Saudi Arabian Monetary Agency. At the latter's suggestion, a letter was prepared for transmittal to the Minister of Finance requesting that the Government agree in principle to an increase of up to "approximately 40 percent" in the portion of royalty paid in sterling. The Company's letter stated that, while no such increase was contemplated in the immediate future, it hoped to obtain the Government's agreement to this principle in order to assure Aramco's associated marketing companies greater flexibility in negotiation of purchase contracts.

Privately, Company officials are not hopeful of obtaining the Minister of Finance's approval of this plan, His Excellency so far having adamantly refused to reconsider previous *dicta* to the effect that the Government would approve an increase in sterling only if accompanied by a corresponding increase in dollar receipts.

RAYMOND A. HARE

No. 294

887.2553/6-353

Memorandum by the Chief of the Petroleum Policy Staff (Eakens) [1]

SECRET [WASHINGTON,] June 3, 1953.

Subject: Department Views in Regard to Furthering Iraq Petroleum Company Transit Negotiations with Syria and Lebanon.

The Department has received a letter from Mr. Charles F. Darlington, representing the Socony-Vacuum interest in the Iraq Petroleum Company, requesting that the Department support IPC's position in the forthcoming negotiations for pipeline transit agreements between the Company and the Governments of Syria and Lebanon. He has also requested that we suggest an alternative proposal or at least give him our ideas if we cannot support the IPC proposal. The proposal of the Company which has also been submitted to the British Foreign Office is attached. No date has yet been set for the resumption of negotiations, but it is expected that they may again be taken up within two months.

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[1] Drafted by Liebhafsky and sent to Robertson, Funkhouser, Corse, Dixon, Metzger, and Kirk.

A copy of the letter from Mr. Darlington and of the IPC negotiating paper are attached.[2] Would you please consider the attached papers, as well as the problem generally, so that we can discuss it at a meeting in my office on Tuesday, June 9, at 10 a. m.?

Crude oil moves from the fields of the Iraq Petroleum Company at Kirkuk (Iraq) through Syria for shipment from Banias via pipeline as well as via an older pipeline system from Kirkuk via Syria to Tripoli, Lebanon. A third IPC pipeline connecting Kirkuk with the refinery at Haifa is not currently in operation because of the embargo imposed by Iraq on oil shipments to Israel.

Crude oil also moves from Saudi Arabian fields via the Trans Arabian pipeline (Tapline) through Jordan and Syria to the port of Sidon (Lebanon).

IPC renegotiated its transit agreement with Lebanon in May 1952, but the Lebanese Government has refused to ratify the agreement which was signed with a previous Government. Tapline also renegotiated its transit agreements with Syria and Lebanon in May 1952, and amended its August 1946 agreement with Jordan in June 1952, to provide for additional payments to all three countries.

Some dispute has also arisen between Tapline and Lebanon regarding the renegotiated agreement. Some official pressure has been put upon Tapline to renegotiate the agreement on the grounds that it has not been ratified. Tapline's position is that the agreement was so drafted as not to require ratification. Payments currently are being made under the agreement and are being accepted by Lebanon. This latter would seem to constitute evidence of Lebanon's acceptance of Tapline's position.

It looks highly probable that the transit agreements of both companies with all these countries will have to be renegotiated in the not too distant future and the question is upon what basis of payments satisfactory and more stable agreements can be reached.

The position of Syrian and Lebanese officials is that the oil companies make a substantial savings in transport costs (over tanker costs) by employing pipelines to move crude oil from producing countries to Eastern Mediterranean ports. They further contend that this saving should be shared equally with transit countries, much in the manner that 50-50 profit sharing agreements are in effect between the producing countries (Saudi Arabia and Iraq) and the producing companies (Aramco and the Iraq Petroleum Company).

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[2] Neither printed. The letter, dated May 28, said Darlington felt it would be most desirable if the Department of State could support IPC's position when the negotiations got under way. The negotiating paper, transmitted with the letter, dealt with Syria and Lebanon Transit Agreements. (887.2553/6-353)

The transit countries contend that this saving in the case of Tapline amounts to the differential between the posted price at Ras Tanura on the Persian Gulf ($1.75) and at Sidon on the Eastern Mediterranean coast ($2.41) or $0.66 as the value added to the crude oil by the pipeline transit. The Sidon price of crude has since been reduced to $2.29 thereby changing the differential to $0.54 per barrel.

The IPC case is not as clear as that of Tapline since there are no facilities for the export of Kirkuk output via the Persian Gulf as an alternative to transiting Syria and Lebanon.

At the present time the British (IPC) have refused to recognize the 50-50 "saving" or "profit" sharing principle as a basis for negotiation. As indicated above, Tapline has considered its agreements, which by their terms did not require ratification, binding and is making payments under their respective terms. The British IPC negotiators have sought to employ the Syria-Tapline Agreement as a basis for their negotiations with Syria, but Syria has replied that the Tapline Agreement could likewise be revised upward by renegotiation. Tapline is meanwhile operating on the theory that it has valid agreements with Syria, Jordan, and Lebanon, and is waiting out developments.

Comments on the proposal of IPC (attached) are contained in Despatch 5400, London, May 11, 1953 [3] as well as in Despatch 5362, London, May 8, 1953; [4] in Telegram 914, November 13, 1952, [5] Department to Beirut; and in A 987, January 19, 1953 [6] and A-869, December 12, 1952, Department to London. [7]

The Department has thus far not taken any position with the foreign governments concerned on the substantive issues involved, but the question has been mentioned by members of the British Embassy in Washington in informal conversations with us.

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[3] Not printed; it concerned the Syria and Lebanon Transit Agreements. (880.2553/5-1153)

[4] Not printed; the subject was further observations on Middle East pipeline transit payments. (880.2553/5-853)

[5] Document 269.

[6] Not printed; it reported that the Department of State had requested an analysis of the transit payment problem from Tapline, Socony, and Jersey. (887.2553/12-1652)

[7] Document 272.

No. 295

880.2553/6-953

Memorandum of Conversation, by Herbert Liebhafsky of the Petroleum Policy Staff

CONFIDENTIAL [WASHINGTON,] June 9, 1953.[1]

Subject: Departmental Position on Problem of Furthering Iraq Petroleum Company Transit Negotiations with Syria and Lebanon.

Participants: Messrs. Robertson and Funkhouser—NEA
Mr. Winters—BPT
Mr. Metzger—L/E
Mr. Kirk—ED
Messrs. Eakens and Liebhafsky—PED

The meeting was called by Mr. Eakens to discuss the Department's position regarding the request of Mr. Charles P. Darlington, representing the Socony-Vacuum interest (11.375 per cent) in the Iraq Petroleum Company, that the Department support IPC's position in the forthcoming negotiations for pipeline transit agreements between the Company and the Governments of Lebanon and Syria. Copies of the IPC's negotiating proposals setting forth alternative formulae for computing the amount of payments to be made to each country for transit rights had been distributed in advance of the meeting.

Mr. Eakens opened the meeting by stating the problem briefly. He then called on each member in turn to set forth his views of what the Department's reply to Mr. Darlington (and the Department's position on the problem) ought to be.

Mr. Robertson stated that a discussion he had recently with Mr. Saba Habashi, Advisor to the Secretary General of the Arab League, revealed certain points which were pertinent to the present problem. This discussion indicated that the negotiations of Aramco with the Saudi Arabian Government presently underway were being carefully watched by the other members of the Arab League. The terms of the agreement finally negotiated by Aramco with Saudi Arabia would undoubtedly influence the views of the transit countries with respect to the pipeline agreements. Mr. Habashi had pointed out that there were limits on the dealings which private companies could have with sovereign governments. Although Aramco had done much to improve conditions at the grass roots level in Saudi Arabia, it had been opened to attack by the

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[1] This memorandum of conversation was drafted on June 12.

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FTC Report. There is a need for a U.S. Government policy statement to counter the bad effects of this Report, which is looked upon as the official U.S. Government position in the area.

Mr. Robertson also pointed out that Aramco was the American company in the area, while IPC is a British company and is looked upon as essentially British even though there are some American interests in it. Consequently U.S. Government support, if any, might more properly be given to Aramco rather than IPC, which should look to the British for its main support.

On the whole, Mr. Robertson thought that in the light of these facts the United States ought to adopt a wait and see policy before actively supporting the current IPC negotiating proposals. He thought any action ought to be delayed at least until the Aramco negotiations are completed.

Mr. Metzger agreed generally with Mr. Robertson's views. He believed that the essential problem was one of timing. The IPC proposals were merely a basis for negotiating and the United States ought not to identify itself at this stage with a specific proposal which might not be accepted. He thought it would be best if any support which the U.S. Government might give the companies were reserved until the negotiations had developed and sharpened the differences, if any, between the two sides.

Mr. Eakens suggested that it could be argued that there was a disadvantage in waiting if the present IPC proposal were accepted and set a precedent. Since the proposal would probably not actually be accepted, this possible disadvantage probably would not materialize. He also believed that the main responsibility for assisting IPC should rest with the British with the U.S. giving appropriate support.

Mr. Kirk expressed his general agreement with the positions stated by Mr. Robertson and Mr. Metzger. He also pointed out that it would be unwise for the U.S. to agree to support the IPC's technical proposals without knowing the British reaction to these proposals.

Mr. Winters indicated his general agreement with the foregoing statements but pointed out that he believed the United States ought not to identify itself with any company in the Middle East at this time until the questions raised by the anti-trust action were resolved. Otherwise he felt the United States might find itself supporting the companies on the one hand, and bringing a legal action against them on the other. It would be difficult to argue abroad that the companies had always behaved in a favorable manner towards the countries concerned if at the same time a consent decree should be made in the pending civil anti-trust suit.

Mr. Funkhouser also agreed generally with the preceding statements. He thought there were several reasons for the Department delaying to intervene with Syria and Lebanon at this time: (1) The negotiations between Aramco and Saudi Arabia were not yet completed; (2) The Arab League was considering the whole problem; (3) Neither Syria nor Lebanon has decided its position on the transit question except that they both want more money; (4) Aramco had not yet disclosed its position to the Department; (5) Ambassador Malik of Lebanon was supposed to have been given *carte blanche* by his government to negotiate the matter with Aramco in the United States—if this was true there were several people with authority to negotiate and the lines of authority ought to be cleared up; and (6) We have not yet learned the British reaction to the IPC proposal which was submitted to the British Foreign Office in April.

After some further discussion of the question it was agreed that the Department would take the following actions on Mr. Darlington's request:

He would be told by Mr. Eakens that the Department does not believe it would be desirable from its standpoint or that of the American companies to identify itself with the specific formulae set forth in the IPC negotiating paper. Since the paper is a negotiating paper, IPC's position may well change substantially, or even completely, in the course of the negotiations. In view of the several unresolved but related problems, set out in Mr. Funkhouser's six points above, it would seem preferable that the U.S. Embassy not intervene in any way at this time. It would also seem desirable that IPC do its best in the negotiations to reach mutually acceptable agreements with Syria and Lebanon. If points should develop on which agreement cannot be reached, that would seem to be the best time for the Department to determine in what way it could best support the American interests involved. Since IPC is a British company, and since the American interest is a minority interest, it is considered that the primary responsibility for support of IPC should rest with the U.K., with the U.S. playing a supporting role.

If Mr. Darlington strongly feels that possible support on the foregoing basis would be completely ineffective, he would be told that the Department would consider informing the Syrian Government (with whom it is expected the negotiations will begin first) at the time the negotiations begin, and after the U.K. had taken the lead, that the U.S. Government considers the negotiations most important, that it will follow them with interest, and that it is hopeful that the parties will reach a mutually acceptable settlement which will enable the pipeline to operate effectively to the advantage of all parties concerned. A similar position would apply to Lebanon. (Most participants in the meeting believed that before telling Mr. Darlington exactly what the Department would be able to do, the Department's proposed line of action should be cleared with Justice.)

It was also agreed that with respect to the specific formulae contained in the IPC proposals, the Department would not make any formal or official comments or suggestions to IPC. Mr. Eakens would, however, after obtaining the comments of the other interested persons in the Department, transmit such comments to Mr. Darlington on a purely personal and informal basis and for such use as Socony might wish to make of them. These would take into account the comments of Mr. Moline, set forth in Despatch No. 5400, May 11, 1953 from London. [2]

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[2] Not printed. (800.2553/5-1153)

No. 296

887.2553/6-1653

Memorandum of Conversation, by Herbert Liebhafsky of the Petroleum Policy Staff

CONFIDENTIAL [WASHINGTON,] June 16, 1953. [1]

Subject: Iraq Petroleum Company (IPC) Paper for Pipe Line Transit Negotiations with Syria and Lebanon.

Participants: Mr. Charles Darlington, Socony Vacuum Overseas Supply Company
Mr. Funkhouser—NEA
Messrs. Eakens and Liebhafsky—PED

Mr. Darlington, representing the Socony Vacuum interest in the Iraq Petroleum Company, had requested the meeting to obtain the Department's reactions to certain negotiating proposals which IPC was considering with a view to presenting them to Syria and Lebanon as a basis for negotiating pipeline transit agreements with those countries.

Mr. Darlington stated at the outset that he believed the question of renegotiating the existing agreements was quiet at the moment and not likely to be reopened before autumn. He believed the transit countries were watching the current Aramco negotiations with Saudi Arabia, and that the results of those negotiations would serve as the basis of the demands of the transit companies upon IPC. He mentioned that IPC had given a copy of its negotiating paper to the British Foreign Office but had not yet obtained any reaction from the British. He then inquired whether Mr. Funkhouser had heard whether the Middle East oil questions had been discussed by the representatives of the Arab League at their Beirut meeting.

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[1] This memorandum of conversation was prepared on June 18.

Mr. Funkhouser said he had heard oil had not been formally discussed, even though it was on the agenda. It may have been discussed informally among the Ministers. The Department did not yet know why the question had not been considered there.

Mr. Eakens then asked Mr. Darlington whether he did not believe that it would be wiser from the standpoint of both the United States and the companies for the United States not to identify itself specifically at this time with any of the negotiating proposals contained in the IPC paper.

Mr. Darlington agreed. He considered it most important, however, for the companies to keep the Department informed of the progress of negotiations and of their thinking in the matter in order that the Department would be in a position to support them if this became necessary at a later date. He believed that Aramco was making a great mistake in not keeping the Department informed of the progress of its negotiations with Saudi Arabia. He said that Aramco was primarily under the control of Caltex, and while Socony Vacuum held an interest this was only a minority interest.

There was some general discussion of the Aramco offer to the Saudi Arabian Government during which such information as the various parties had of these negotiations was mentioned. Mr. Darlington explained that the price under the McNaughton formula had been arrived at as a weighted average of Basra, Kuwait, Qatar, and Iraq oil prices, including long term contracts. The trouble with the McNaughton formula was that it was tied to tanker rates. McNaughton was a geologist who had been hired by the Saudi Arabian Government to assist it in determining oil prices.

Mr. Eakens questioned whether the price under any formula, such as the McNaughton formula, was not certain to give rise to future difficulties as long as the price under the formula differed from actual prices at which the companies sold Saudi Arabian oil to bona fide arm's-length purchasers. Mr. Darlington said that Mr. Jennings favored the use of actual prices in settling with Saudi Arabia except perhaps for a 10 per cent discount, but that his view had not prevailed.

Mr. Funkhouser said that there were various climates of opinion in the Saudi Arabian Government. The present Finance Minister was a conservative and appeared to have the interests of both the oil companies and Saudi Arabia at heart. He was moreover friendly to the United States. Some others were shortsighted and radical. It was hoped that American oil companies in the area would so conduct their negotiations as to assist in the development of the regions and also to support those elements of the Middle Eastern Governments which were friendly to the United States.

Mr. Eakens asked Mr. Darlington if he did not believe that since IPC was a British company with a minority American interest it was not up to the British Government to take the lead in such assistance as the company may need in negotiations with Syria and Lebanon, and for the United States to play a supporting role.

Mr. Darlington agreed completely. He also agreed the United States would have to play a primary role with regard to Aramco, which was an American company, if this became necessary.

Mr. Eakens and Mr. Funkhouser then commented in detail on the IPC negotiating proposals for Mr. Darlington's benefit, it being understood by all parties that the comments were informal, personal, and in no sense represented the official position of the Department. The comments were discussed and Mr. Darlington expressed appreciation for the work which had been done in making them available to him. Mr. Darlington agreed that he would use the comments only as points that he had developed in studying the problem, and that he would not attribute them to the Department. He indicated that he might use the points as a means of stimulating thinking in regard to the pipe line transit problem. A copy of these informal comments is attached. [2]

In conclusion, Mr. Darlington said he appreciated the opportunity to discuss these questions with Department officials and hoped in the future to keep them informed of developments in the negotiations between IPC and the transit countries.

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[2] The comments, which were not generally favorable to the majority of the IPC negotiating positions are not printed. One section mentioned the fact that the pipelines, by negotiating privileged tax-free positions for themselves, had made themselves vulnerable to discriminatory pressures in the Middle East. The paper also suggested that IPC had no convincing explanation for rejecting a 50/50 division of the profits for pipeline transit as well as for production, especially since the U.S. Government tax of 52 percent after the depletion allowance applied to pipelines.

No. 297

880.2553/6-2453

Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser)

SECRET [WASHINGTON,] June 24, 1953.

Subject: Middle East Oil Situation

Participants: The Under Secretary
Mr. J.T. Duce, Vice President, Arabian-American Oil Company
Mr. Saba Habashi, Egyptian Lawyer retained by Aramco
Mr. George Ray—General Counsel—Aramco
NE—Mr. Funkhouser

Mr. Habashi stated (a) the Petroleum Committee of the Arab League had been revived after a five-year period of inactivity, (b) on May 25, 1953, the Ministers of Finance of the Arab states had engaged in discussions on Middle East oil prices, (c) oil price talks between Iraqi and Saudi Arabian officials had taken place recently in Riyadh, (d) the Petroleum Committee planned to convene at an early date to discuss a "minimum price of oil" and a "collective position on oil pricing".

Mr. Habashi discussed in general terms: (a) the increasing trend in the Middle East towards "gradual" nationalization, (b) the injurious effect in the area of the FTC report and anti-trust action, (c) the importance of United States Government support for progressive elements and individuals in the area, particularly the Arab League, (d) the danger that the extremist elements (Communists, xenophobes and "the greedy") would gain the upper hand.

The Under Secretary inquired if Mr. Habashi considered these trends "unexpected", stated that previous information given the Department generally confirmed Mr. Habashi's conclusions, and requested Mr. Habashi's views on "what to do about it".

Mr. Habashi suggested in general terms more positive United States Government official or moral support for the oil companies and for those local leaders who were working towards goals desired by the United States. He mentioned further diplomatic, economic and technical assistance in forms which could have beneficial effects on the oil situation. He specifically asked if "status" could be given to the Arab League, which was now under the progressive leadership of Hassouna, or if a United States diplomatic representative could be accredited to the League.

The Under Secretary pointed out that there would be overriding difficulties for the United States in either of the suggested actions. It was, however, stated that the Department would examine the general problem closely, since it wished to encourage in every appropriate way constructive efforts of such regional organizations.

With respect to Mr. Habashi's statements that Middle East states were now preparing to work closely together on oil problems, the Under Secretary stated that the United States had in the past supported such cooperative economic efforts and gave as an example the Coal and Steel Community in Europe. He expressed the view that a "Petroleum Community" in the Middle East might not only be an inevitable long-term development, but conceivably a useful one. The United States Government might under those circumstances, as it had in Europe, provide special assistance and official recognition to such a body. The vast proven oil reserves of the Middle East would present a rather substantial base for any United States Government loan to such an organization. The Under Secretary expressed the view that such a "community", if developed along constructive lines from the beginning, could conceivably be profitable to both the countries and companies concerned; it would also have to take into full account the interests of world oil consumers as well.

Regarding Mr. Habashi's observance of nationalization trends, the Under Secretary stated that unfortunately "natural resources invite nationalization", that states appear to be moving towards "increasing control of sources of wealth within their own boundaries", and expressed his belief that industry leaders should, as military commanders, allow for "the unfavorable" in their planning. He expressed the view that "management contracts" might evolve as the pattern of future development in oil producing countries.

With respect to the FTC report and anti-trust legislation, the Under Secretary generally referred to positions and actions taken by the Department of State. He stated that the Department, however, "had to operate within the limits of the possible" and that "anything further" was "unattainable".

Other points touched on were: (a) the question of United States technical assistance to the Arab League Petroleum Committee, (b) the question of Point IV technical assistance on oil to local governments, (c) the possibility of Arab states agreeing on oil prices or other oil policies for the Middle East, (d) the effect of Iranian nationalization on surrounding areas.

There was insufficient time to examine critically the following points: (a) Mr. Ray's repeated statement that Aramco was now "thoroughly discredited" in Saudi Arabia, (b) Mr. Ray's tendency to equate oil company troubles in the Middle East simply to United States Government anti-trust action and the FTC report, (c) Mr. Habashi's implication that nationalization would *ipso facto* make Middle East oil unavailable, (d) the role of oil companies and of Near East officials in countering adverse trends in the Middle East oil situation, and (e) the technical obstacles which Middle East oil producing states would face when seeking agreement on price under varying conditions re distance from market, hard and soft currency transactions, varying costs and transportation charges, short and long-term contracts, Western hemisphere competition, etc.

The Under Secretary expressed his appreciation to Mr. Habashi for his sincerity of purpose and constructive efforts, indicated that there were limitations to what the State Department alone could do, referred to the attention which the Secretary was personally devoting to Middle East problems and to the virtual exhaustion of Secretary Byroade in this work, expressed the need for assistance from individuals and governments in the area directly concerned and stated that recommendations regarding specific lines of action would always be most welcome.

The Under Secretary was most warmly thanked.

No. 298

880.2553/9-1053

Memorandum by the Officer in Charge of Lebanon–Syria–Iraq Affairs (Funkhouser) to the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] July 3, 1953.[1]

Subject: Middle East Oil Policy Considerations

1. The history of agreements on Middle East oil is not encouraging. Past agreements have been either restrictive, counter-productive or ineffective:

(a) The Sam Remo agreement arbitrarily divided Middle East oil between the British and French. The United States Government spent several years breaking up this "duopoly", only to replace it by what even oil men consider an undesirable "oligopoly", e.g., IPC.

(b) The State Department's "Open Door Policy" negotiations with the British Government in the 1920's were officially interpreted as a landmark in improving the competitive aspects of Middle East oil development and in establishing U.S. oil companies in the Middle East. C. S. Gulbenkian, however, calls the "O.D.P." "eyewash", and writes in his memoirs that "never was the open door so hermetically sealed". "If the U.S. companies had not been allowed into the British-French Mesopotamian concession, they would have broken in", because of the tenuous and controversial grounds on which the British-French concession was based. Gulbenkian argues that this action established a most effective cartel in which maximum prices and profits were realized.

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[1] Under the dateline on the source text is the notation: "(revised) September 10, 1953."

(c) The intercompany Red Line Agreement of 1926 prevented the major oil companies from competing against each other for concessions or oil purchases in the Middle East. This helped retard production in Iraq, Kuwait, Saudi Arabia, Qatar and the Neutral Zone for ten to twenty years. It contributed heavily to public mistrust of the international oil business which is haunting the oil industry today in the area.

(d) The Anglo-American Oil Agreement of 1946 was abortive. The United States Government with its companies controlling only 5% of Middle East production wanted to remove British restrictions to competition. The United Kingdom Government wanted an agreement which would maintain the *status quo* and guarantee respect for concession contracts. The eviscerated compromise was meaningless but even that caused domestic producers in the United States to fear that they might be subjected to some international control. The agreement was pocketed by Senator Connolly. Meanwhile, American companies by their own competitive efforts and without such an agreement have gained control of 66% of Middle East production. (This might be 90% if United States companies wished to deal with Iran.)

(e) United States Government efforts (1946–1948 and later) to spell out an oil policy have been abortive. The Department of State has not been able to agree on oil policy within its own walls, let alone develop substantive agreement between other agencies. Probably the major impasse comes down to whether the principles of the Sherman Anti-Trust Act are good or not good for the world and oil.

2. There are other reasons for this dilemma regarding agreement on oil. One is that there are few outside the oil industry who are well informed on oil; company officials by their nature cannot be completely disinterested and objective. Secondly, two realistic and resourceful oil executives when put together traditionally retreat to caution and conformity. These qualities are not helpful in accommodating the dynamic oil industry to the rapidly changing conditions in the Middle East. Thirdly, the Departments of the United States Government, as well as oil companies, seem to find it difficult to agree formally to the difficult courses of action always required. Formal discussions and agreements on oil turn out to be defensive and try to insulate the oil industry from trends abroad in the world. Nationalism as applied to the oil industry and interpreted by the industry becomes a scheme of local radicals who "wish to

kill the goose that lays the golden eggs". Consequently, oil policy discussions tend towards the restrictive, the unrealistic and the unimaginative. Lastly, oil agreements seem always to be between parties that have the oil and consequently cannot take into account adequately the interests which cause the trouble. The result is that agreements on oil are suspect in the public mind and "agreements" become in themselves self-defeating. This would certainly apply to any US-UK agreement on Middle East oil at either the company or the government level.

3. It is thus more than possible that the results of United States and United Kingdom oil company collusion or cooperation, as HMG is recommending, would produce something bad rather than good. United States oil history and legislation would support this suggestion. The facts and findings of the FTC report, notwithstanding its highly slanted and non-objective approach, are pertinent in this respect. It should be remembered that the NSC and individual departments of government did not attempt to evaluate the substance of the report or its validity but only objected to its publication. Critical problems raised by real or alleged collusion among oil companies remain to be settled.

4. Oil companies are now insisting that the anti-trust lawsuit is the root of all their Middle East troubles. This point should be most carefully evaluated. While it is obvious that ME officials will take advantage of every available weapon in their negotiations, it is unrealistic to equate oil company difficulties in the area to the lawsuit alone. Oil companies were under greater pressure in the two-year period preceding the FTC report and lawsuit than they have been in the succeeding period, e.g. AIOC concession was cancelled in 1951; Aramco told the Department that American lives were endangered by Saudi Arabs in 1950, IPC narrowly escaped nationalization in 1949. A reflection of the deepseated problems discussed in the FTC report could be found in these serious crises, but neither the report itself nor the lawsuit played any role in these difficulties since they were unborn. Similarly, it was easy to predict, as both Department and oil company officials did on repeated occasions, that the pipeline and pricing policies of ME companies were most vulnerable to local attack on grounds of precedents elsewhere. Industry representatives recognized this situation, and current Aramco action squarely faces these facts. The anti-trust action has of course contributed to local suspicion of companies in the area, but this is neither particularly new nor is it certain that it is one of the basic contributing factors to instability in Middle East oil. Solutions aimed at removing what may be marginal factors in this equation may be either counter-productive domestically and

abroad or dangerously tangential during a critical period when the real sources of trouble must be analyzed and corrected.

5. It is possible to be equally skeptical about constructive results from collusion or cooperation between Arab states on oil. Their self-interest lies not only in increased control of the industry with the attendant hazards to the West, but specifically in increased prices which could adversely affect the viability of all oil consuming states, particularly our European allies. Such repercussions would hardly cause concern among Arab Governments which feel the West has taken too much profit from Arab oil too long.

6. Collusion or cooperation between Arab states and oil companies together might well compound the disadvantages of paragraphs three and four. There might be a pronounced mutuality of interest in higher prices, supported by controlled or restricted production. Direct repercussions could increasingly with time affect the American consumer. With the center of gravity of the world's oil moving from the United States to the Middle East, matters of price and supply may eventually be determined in the Arab world and the unpleasant day may come when Arab states can double oil prices and get away with it.

7. Collusion or cooperation between oil companies, Arab states and HMG might further compound the problem. As British Embassy representatives have suggested, HMG's Treasury might welcome higher priced Middle East oil. A case could be made that the consumer would find himself up against a formidable "super-cartel". Competition in the international oil industry could under the circumstances suffer a serious blow. It is possible that big companies would get bigger, small companies smaller, fewer would control more, until the point of serious conflict with the rest of the world, the result of which could cause world repercussions much greater than anything now faced.

8. Mr. Duce believes that such a group, however, could get together for constructive purposes. He refers to the operations of the Texas Railway Commission which endeavors to conserve dwindling reserves and to avoid unsound production practices. It should be remembered, however, that the Commission was developed within the narrow limits of one area which had experience in producing oil in vast quantities for fifty years. The problem in the Middle East seems to be quite different. The Arabs are not interested in conservation. Their complaint is that their oil has been conserved too long. Their production has been restricted during a most lucrative half of the twentieth century and now they may well wish to spread their oil all over the world. Arab states may eventually be more concerned with competition from other sources of power than

with depletion of their 70 billion barrels of proved resources which probably cannot be over-produced in the foreseeable future.

9. One of the tested solutions to oil problems has been, on the other hand, the development of conditions under which competitive forces are encouraged to operate more freely on each other. Some oil executives and economists, for example, believe that AIOC might never have been nationalized if they had had competitors in Iran. There is a certain safety in numbers; it has worked in the United States and in Venezuela. If Jersey, Socony or Shell and several independent groups of whatever nationality had been producing oil in Iran the following might have developed: (a) there would have been no monopoly, which is ideally easy to nationalize, (b) AIOC would have been kept on its toes and been abreast of changing conditions in the world, (c) Iran would have profited from greater production, greater activity and greater revenues, (d) AIOC would not have been blamed for everything that went wrong in Iran. The Department has in the past, as have individual oil company officials, urged IPC and Aramco to relinquish greater parts of their 400,000 square mile concessions in the Middle East, for this reason. The Department has been partially successful with IPC and a strong case can be made that the action has been helpful in reducing tensions in the area. AIOC, of course, helped save itself from expropriation in 1933 by giving back 400,000 of its 500,000 square miles monopoly, but then unfortunately did everything in its considerable power to keep out competitors. Aramco by its own admission could have avoided jumping to the 50-50 profit-sharing agreement if they had given up a large part of their concession in 1950, as asked by the Saudis and generally supported by the Department. This issue may be difficult for the company to sidetrack indefinitely.

10. However, oil company management, like HMG, too often appears to think time is on their side and with notable exceptions may take required action too late. Concession contracts like the British Empire, will continue to undergo "surprising" attacks and "crises" and, like the British Empire, probably cannot be protected by guns or governments but only by enlightened thought, understanding and compromise. Enlightened oil company policies, knowledge and application of public relations, government relations, labor relations practices proven effective elsewhere in the world, forthrightness (such as has not been overdone to date in the recent Aramco price and IPC pipeline negotiations), education and other specific lines of action spelled out in the Department's draft Middle East Policy paper dated September 10, 1948, would seem to provide companies with the best possibility of riding out these crises and changing with change.

11. However, with oil company policies as they have occasionally been in the past, with the Arab coming into his own with a vengeance, with the historic precedents for colonies to go through the nationalistic stage before arriving at the international approach required for Mr. Duce's Oil Plan, IPC and Aramco local producing operations may well be nationalized or at least "reversed" in time. The equation may be that the nationalization date equals X (time for present generation to develop Arab oil "experts"), plus Y (completion of the large investments and installations needed to produce in quantity), plus Z (a hard-headed bargaining position on the part of oil company management). Z is dangerous variable, Y is probably here, and X is moving along fast. Irresponsible Arab nationalism and distrust of Western governments and oil companies appear to be "constants" in this equation. General Smith told Mr. Duce virtually the same thing when he said "natural resources invite nationalization".

12. In this regard it may be a false conclusion to consider that the Iranian catastrophe will deter others from following suit. On the contrary, it might be argued that other Middle East states (a) strongly sympathize with what they consider a courageous defiance of the West, (b) now more clearly recognize the extent to which oil companies and Western governments can and will penalize an oil state by boycott and (c) will consequently move more carefully but more relentlessly towards breaking this "foreign control" of their countries and their resources. To think that the Arab masses will learn a lesson from the Iranian debacle may be unrealistic.

13. Oil companies and/or Western governments might consequently be making useful plans at this moment to handle such a situation should it develop despite all efforts to the contrary, i.e., how to carry on trade in the Middle East in a situation in which producing "concessions" are drastically altered. General Smith's "management contracts" proposals might well be given secret study by industry and/or government, but it is difficult to have confidence that such planning for the worst can be successfully undertaken, particularly *en masse* as Mr. Duce suggests.

14. Perhaps serious study would indicate that nationalization or "reversal" of all Middle East producing properties might not *ipso facto* mean doom as oil companies claim. It is possible that the same oil might be available to the same consumers and to the same oil companies in the same quantities. There would appear to be no real alternate sources of consumers or companies. A case might even be made that there would be fewer tensions in our relations with the Middle East and a more profitable and stable international oil industry if the companies worked through the reverse type of concession, i.e., the management contract advanced by General

Smith and advocated by such successful oil executives as Mr. Brantly of ECA and Texas. What are needed are oil men with the vision to be able to accommodate their thinking to changing oil conditions in unorthodox times and in an unorthodox area. (I am convinced the *industry,* not government, must lead in this.) That ability to accommodate is best developed under an environment of free competition rather than from efforts to "hold the line", which seldom succeed. The "hold the line", "big stick", "force", "British", "Kennan" school has however many supporters in and out of industry; its adherents increase with frustration, exasperation and crisis in the area. I can't believe it is the answer or that it will work in 1953 in Asia. Its record, as illustrated best by past AIOC-UK policy in the Middle East, is unenviable in terms of end results. Its contribution to the difficulties now found in the area seems large. Such a policy even appears commercially unsound, judging by the profitability of the American company approach to Middle East oil problems. Furthermore, the identification of foreign companies with their foreign governments has not helped British company stability in the area, while a case can be made that Aramco's independence of the U.S. Government was not only responsible for the granting of the Aramco concession in the first place but has been a carefully nurtured concept of the company in its present highly successful operations. UK-AIOC singleness of purpose only served to close both minds to the realities of the Iranian situation and resulted in the wrong answer. Such a policy has also helped convince Iranians that sovereign control of their own country is meaningless in the face of foreign government involvement in commercial affairs.

15. In several years, events in the area may be recognized as sufficiently serious to require the type of international study and cooperation recommended six years ago by John Loftus. It will be remembered that Mr. Loftus gave his speech in Pittsburgh suggesting that the international oil business might wish that they had an international forum where international order in the industry and international rules to protect their investments might be slowly developed. Mr. Loftus was rash enough to suggest that to be effective such an international instrumentality should give full representation to the consuming as well as producing nations. He was violently attacked by segments of the industry at that time; there are indications, however, that Sir William Fraser and others may be less violent on the subject now.

16. Meanwhile, the most practicable line of action remains, in my opinion, a full informal exchange of ideas between individual Departmental officials and individual oil company executives. This at least has worked on important occasions in the past:

(a) NEA representations in 1948 to individual officials of Jersey, Socony and the British and French Embassies in Washington successfully brought about the first royalty increase in the Middle East in 15 years. A strong case can be made that nationalization of IPC in Iraq was avoided by this "semi-official" approach.

(b) Informal Department representations to the US companies operating in the area (1947-1949) were instrumental in bringing about the relinquishment of a number of concessions, including the Kuwait Neutral Zone. A strong case can be made that by this action, stability in Middle East oil as well as competition in Middle East oil was increased.

(c) Informal exchange of views between Department representatives and Middle East oil company executives (1949-1950) played a significant role in the adoption in the Middle East of the Venezuelan profit-sharing agreement as well as other progressive company practices in Venezuela.

(d) Informal exchange of views between Department representatives and individual United States oil officials (1952-1953) played a role in the development of the new "tariff" approach of United States companies to Middle East pipeline problems.

17. It is meanwhile to be deplored that there seems to be an increasing tendency among modern-day oil executives to seek increased government control, involvement, and so-called "protection", instead of depending on their own competitive virility and survival powers. This present-day desire to protect the *status quo* in place of disrupting the *status quo* would seem to be a sign of old age in business and does not reflect the attitude of the aggressive leaders who won the concessions in the first instance. If this is true, such companies as IPC and Aramco may look forward to the ignominous end of the unversatile dinosaur family that sank in the mud when the weather changed.

18. A strong case can be made that increased government involvement and control is inevitable in international oil. It seems almost certain that Arab Governments will exercise increasing control, and the argument perhaps could be made that in view of this inevitability United States and United Kingdom Governments should get into the act in order to make such control as harmless as possible. However, it is hoped that this unfortunate alternative can be postponed, and that every effort will be made to fight government encroachment into the oil business. This can best be done by increasing the competitive environment in international oil and by forcing oil companies to develop their biceps by punching each other in the nose occasionally. They are getting along awfully well these days.

19. I would, therefore, reach the conclusion that any study of "proposed solutions" to Middle East oil problems include an evaluation of the following "muscle building techniques" which have

produced beneficial results, both commercial and political, in the past:

(a) Aramco and IPC might be completely freed from control of parents and might sell to all comers as producing companies.

(b) Aramco and IPC might relinquish all concession areas not currently in production.

(c) Pipeline companies might be completely freed from control of producing companies and parents and become "common carriers" in competition with tankers.

(d) Middle East governments might be urged to favor bids on new areas by companies without Middle East production.

(e) Every encouragement might be given to independence to move Iranian oil.

(f) These examples of "nose-punching techniques" have each been suggested to me by industry (major company) officials.

20. Lastly, it is of critical importance to the success of any approach that oil men be handled most carefully and diplomatically. Oil officials seem overly sensitive to any indication that the industry isn't perfect. It may be necessary to "agree" with them before attempting to draw criticism of their own operations and possible solutions from them. It is probable that government officials start with two strikes in any objective discussion of oil problems. Emotion, pride, loyalty, suspicion make it difficult to penetrate to reason. Oil men tend to divide government people as either "for them" or "against them" and the initial adverse impression seems to get around fast and make solutions most difficult to reach.

No. 299

886A.2553/7-653

Memorandum of Conversations, by the Ambassador in Saudi Arabia (Hare) [1]

CONFIDENTIAL JIDDA, [July 6, 1953.]

In the course of a courtesy call on Shaikh Abdullah Sulaiman, Minister of Finance, on June 29, I observed that I had been kept informed of recent developments regarding negotiations between Saudi Arabian and Aramco representatives regarding the matter of pricing, and I wished Shaikh Abdullah to know that, based upon my very thorough discussion of this subject with Aramco officials, I was convinced that they were eager to achieve a solution and were prepared to take any reasonable steps to reach a settlement. However, the matter under discussion was very complicated and depended on various considerations going beyond the normal scope of both Aramco and the Saudi Arabian Government. As a consequence it was to be expected that reaching an agreed solution would be time consuming and frustrating at times but I was convinced that with good will on both sides, and I was sure that Aramco had such good will, satisfactory settlement could eventually be reached.

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[1] Despatch 4 from Jidda, July 6, transmitted the source text and the memorandum of conversation with the Deputy Foreign Minister, *infra.* According to the despatch, the talks had taken place during the Ambassador's recent visit to Riyadh, and Aramco representatives had been advised of their substance.

Shaikh Abdullah said that he was glad that I had mentioned the matter and that he would give a history of what had taken place. His story was essentially the same as that which I had previously been given by Aramco but with particular emphasis on the fact that he had endeavored to facilitate settlement by letting Americans deal with Americans, i.e., by having Messrs McNaughton and Blowers negotiate with Aramco, but they had failed and he had consequently decided to withdraw from the picture and turn the matter over to other authorities. That had been done and the result was that Aramco and the Government were now much further apart than they had been previously; especially than they had been in the period during which he himself had been negotiating when the matter had finally turned on whether Aramco would pay back taxes for 1951.

I expressed my appreciation for this account and added that there were certain general comments which I desired to make regarding the relationship between Aramco and the Saudi Arabian Government. If one were frank one would have to admit that prior to the coming of Aramco and exploitation of Saudi oil resources, Saudi Arabia had been little more than a geographical expression. Other countries of the area such as Egypt, Syria, Lebanon, Iraq, etc., had experienced long periods of development in various fields of activity. They had communications, schools, hospitals, industries, roads, and the various other attributes of a normally modern state, but Saudi Arabia had had none of these. It had been an economic vacuum and, being so, had been a mere skeleton without flesh. All that had been changed by oil and Saudi Arabia was now in the process of building itself up to a position similar to that of its neighbors. Flesh was being put on the bone. Saudi Arabia was becoming strong but it had only become strong because of Aramco and Aramco in its turn had grown strong, too.

All this led, as I saw it, to the conclusion that, dependent as it is on a single source of income, a strong Aramco means a strong Saudi Arabia; a weak Aramco means a weak Saudi Arabia. And in this latter connection, I had been both surprised and somewhat concerned to note what had appeared to be a recent tendency in certain circles in the Saudi Arabian Government to treat Aramco as something to be attached rather than something to be supported. It was, of course, to be assumed that problems would arise from time to time where Aramco and the government might have different ideas but these were not serious if the two parties settled such differences in a spirit of cooperation. It was quite a different thing when a policy was followed of nagging at Aramco and seeming to want to weaken it. Such a policy could only end in hurting both the Government and Aramco and do no one any good.

Shaikh Abdullah replied that it was quite true that there had been a change in attitude toward Aramco and he thought it was very important since he agreed fully that a strong Aramco meant a strong Saudi Arabia. The trouble seemed to be that Aramco was resorting to undue haggling when clear-cut action was required. A case in point was the payment for services rendered by the Government on Tapline where Aramco had been bargaining with the Government for some time and the matter still remained unsettled. Also Aramco did not seem to appreciate the necessity of getting along with the Ministry of Finance which was the Ministry under whose jurisdiction it came. As a consequence many of its problems were being brought before other authorities and the situation was getting steadily more complicated and difficult.

I asked Shaikh Abdullah if he had any recommendations as to how this problem might be put right. He added he had two suggestions. The first one was that Aramco should quit quibbling and settle the Tapline payment question. The second was the matter of pricing. It was true that he had retired from participation in this matter but if Aramco were to tell him that they would include 1951 in their recent informal agreement which they had reached regarding 1952 and 1953, he would undertake to go to see Prince Faisal and endeavor to persuade him to accept such a solution, and he thought that he would have quite good prospects of being able to do so.

Shortly after this meeting I saw Floyd Ohliger, Vice President of Aramco, who was in Riyadh at the time and told him of my conversations. He was very appreciative and said that he would follow up the matter with his principals but that he thought it inadvisable to mention the matter to Shaikh Abdullah immediately since he had no firm directive. Later he told me that he had seen Shaikh Abdullah on other matters and that, although pricing had not come up, Shaikh Abdullah had been very friendly and that he (Ohliger) thought that my conversation with him might prove to be very useful. He said that Shaikh Abdullah had frankly admitted that he was personally responsible for certain restrictive measures being imposed on Aramco now but had said that he frankly thought that the whole Aramco–Saudi relationship at the present time was rather absurd and that both sides were acting like children. He felt that they should settle their differences in their mutual interest.

No. 300

886A.2553/7-653

Memorandum of Conversation, by the Ambassador in Saudi Arabia (Hare)[1]

CONFIDENTIAL JIDDA, [July 6, 1953.]

Following my final audience with the King on July 2, I met with Shaikh Yusuf Yassin in the office of the Political Secretariat to discuss several pending matters, one of which was Aramco.

I told Shaikh Yusuf that, as he knew, I never undertook to discuss specific subjects pending between Aramco and the Saudi Government. Such discussion I felt should be confined to the qualified representatives of both sides. However, before leaving Riyadh for the last time, there were certain general observations which I wished to make and I repeated the remarks which I had previously made to the Finance Minister to the effect that a strong Aramco meant a strong Saudi Arabia and a weakened Aramco a weakened Saudi Arabia. This did not mean by any means that Aramco–Saudi relations were a static thing; quite to the contrary, their relationship would obviously be subject to continual change as situations changed. What was important was that this change should take place within a concept of maintaining the strength of both parties. The Saudi Arabian Government could not build itself up at Aramco's expense; if it attempted to do so, it would be to its sorrow.

Furthermore, I was convinced that this concept was understood and subscribed to by Aramco. There would, of course, be differences from time to time between Aramco and the Saudi Government but such differences should not be taken as a measure of the basic relationship. For instance, I understood that the question of pricing was now very much to the fore and that agreement had not been reached despite protracted discussion. This was hardly surprising when one considered the complexity of the problem, which had ramifications going far beyond the normal scope of both parties. However, I had talked this matter over at length with Aramco officials and knew that they really wanted to reach a reasonable settlement, and I felt certain that, if the Saudi Government afforded an opportunity, the matter could be adjusted.

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[1] See footnote 1, *supra.*

Finally, I wished to say a word about the so-called F.T.C. report alleging monopolistic practices by oil companies and I desired to make it clear, as Secretary Dulles had stated here, that this report was as drafted in a special political atmosphere and that it by no means reflected the views of the present administration regarding Aramco. Not only that but it had not even had official endorsement by the previous administration. This should be clearly understood since it would be a great mistake to assume that Aramco was regarded other than most favorably by the American Government.

Shaikh Yusuf, who by this time had been joined by Khalid Gargoni, said he was glad I had mentioned this before departing. He wished to make it clear that he fully appreciated how much Saudi Arabia was indebted to Aramco for providing the means to develop the country and he realized that a strong Saudi Arabia depended on a strong Aramco. However, he could not understand (Khalid Bey joined in with vigorous support at this point) how Aramco could expect the Saudi Government to consent to its giving a 20% discount to its parent companies. If such a practice were brought up before a court it would merit a judgment of robbery. But this situation would no longer be tolerated. The Minister of Economy of Iraq had recently been here and the Saudis and Iraqis had compared notes and found that, whereas Aramco was citing IPC as a competitive reason for not yielding, IPC was giving the Iraqi Government the same story and citing Aramco. As a consequence, the Saudi and Iraqi Governments had decided that this practice must stop and they also intended approaching the Governments of Kuwait and Qatar to elicit their cooperation.

Furthermore, the attitude of the Aramco representatives had been abrupt and discourteous in their negotiations. They did not seem to understand where their best interests lay.

I replied that, as I had stated before, I would not attempt to debate the pricing question but, regarding the negotiating atmosphere and attitudes, it was interesting to hear the same events described in apparent sincerity by both sides in such different terms. I was certain that I knew what was in the minds of the Aramco negotiators and that no offense was intended. In so saying, I was not just trying to defend Aramco, although as Ambassador I was naturally very much interested in the welfare of such an important American enterprise; I was also thinking of the welfare of Saudi Arabia itself. As the time for my departure from Saudi Arabia neared, I hoped that I could feel that this matter would be settled in a broad and constructive spirit.

Shaikh Yusuf replied that I could rest assured on that score and he was certain that Saudi Arabia would reciprocate any good-will shown by Aramco—a statement which, knowing Shaikh Yusuf, I interpreted to mean that such good-will could be shown by full compliance with Saudi demands. However, I feel that the conversation did serve a useful purpose and, on the whole, Shaikh Yusuf's attitude was considerably more frank than in normal discussion with him. Furthermore, I have found in the past that such conversations with him are usually made the subject of quite accurate record for the information of the King, Crown Prince and others of the Saudi hierarchy.

No. 301

883A.2553/7-753: Airgram

The Secretary of State to the Embassy in Lebanon [1]

SECRET WASHINGTON, July 8, 1953.

A-6. Re Beirut tele 23 July 7. [2] FYI only. Telegram from Duce to C.A. Swigert of Tapline in Beirut dated June 26 follows:

"1. In conference with Malik he states that Chamoun asked him when he was in Lebanon to initiate negotiations within the US for revision of present contract.

"2. Malik explained he had now received papers and was now prepared: (a) discuss this with proper people in Tapline and that Chamoun had explained he did not want to do anything that would appear to be anti-business and, particularly, anti-Western; (b) that Malik was also instructed seek assistance of U.S. Government in negotiations if necessary.

"3. Malik reports that Chamoun was anxious to get matter out of political atmosphere of Beirut, where negotiations were subject to political gossip and undesirable influences.

"4. Chamoun was anxious to complete negotiations before the September meeting of parliament, when he would present a contract for ratification in early days of meeting when ratification is easier.

"5. Malik further stated that he sought my advice as to whether he should send a formal letter to Tapline and take the matter up formally with the U.S. Government. He assured me he was most

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[1] Drafted by Funkhouser and cleared by PED.

[2] Not printed. Swigert informed the Embassy he had told President Chamoun that Tapline's willingness to discuss matters did not mean the company was prepared to consider revising the existing agreement, and the Lebanese request for the U.S. Government to take an active part in discussions between the company and a foreign government was inconsistent with U.S. policy in such matters. The Embassy agreed the company's relations with Lebanon did not require interest beyond that already manifested. (883A.2553/7-753)

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anxious not to have matter of contract become subject of political contention.

"6. I replied that I appreciated his approach to matter and that I would communicate with you promptly suggesting that I would have your reply as to procedure by Monday. I added that I knew little myself about the economics of pipeline and/or the present status of our contract but that I understood Tapline was making regular payments under the contract negotiated last year. I suggested for the present I refrain from contacting you or the U.S. Government or sending a formal letter to Tapline; that I was not empowered to act for Tapline in such matters with the Lebanese Government, that if any negotiations were to take place here, it would probably mean your return from Lebanon.

"7. I reminded Malik that Tapline were transient agencies competitive with tankers and that their economics were complicated by numerous problems. I added that we were presently leaving business to tankers as shown by shutbacks this month.

"8. May I suggest that direct private discussion between you and Chamoun alone seem indicated. Please advise what I should report to Malik."

Duce reported July 7 (a) Swigert disapproves informal Malik-company talks in U.S.; (b) Malik informed and stated he had no other course but to send formal letter to company. US Government participation has not been solicited by either party.

DULLES

No. 302

886A.2553/7-2553

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) [1]

CONFIDENTIAL [WASHINGTON,] July 25, 1953.

Subject: British Interest in Aramco-Saudi Price Negotiations

Participants: Mr. Harold Beeley, British Embassy
NEA: Mr. Jernegan

Mr. Beeley said the British Government had received information that the Aramco Board of Directors was divided regarding the position it should adopt toward Saudi demands in the present dis-

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[1] This memorandum of conversation was attached to a memorandum by Jernegan to O'Connor, dated July 25, informing him the British Embassy, following instructions from the Foreign Office, requested that the information be brought to the personal attention of the Secretary of State. A handwritten note by O'Connor on the bottom of the memorandum noted that the Secretary had seen the memorandum of conversation on July 29.

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pute over the prices on the basis of which tax payments to the Saudi Government should be calculated. It seemed that one group on the Board was disposed to make substantial concessions.

The British Government was concerned lest undue concessions by Aramco should lead to new demands by the Iraqi Government against IPC and by Kuwait against the companies there. This concern was accentuated by the fact that Iraqi representatives had recently visited Saudi Arabia to advise the Saudis on their attitude toward Aramco and it could, therefore, be assumed that the Iraqis would be fully aware of any concessions the company might make. It was hoped that the Department would advise Aramco not to go too far. The Foreign Office expressly asked that its interest in this matter be brought to the personal attention of the Secretary of State.

I told Mr. Beeley that I did not know exactly where matters stood at the moment between the Company and the Saudis, nor was I sure how well the Company kept us informed of its intentions in these matters. I pointed out that Aramco had consistently attempted to maintain a position independent of the United States Government and that this had probably been an advantage to it in its relations with the Saudis. However, without making any commitment I said that I would look further into the situation and try to let Mr Beeley know our views or any information we might have next Monday. I asked Mr. Beeley whether IPC and the Kuwait Company had arrangements with the respective local governments of the same sort as those now in effect between Aramco and Saudi Arabia. He said he understood this was the case and that therefore any concessions regarding price made by Aramco could be directly related to the existing price arrangements in the other countries. He said that IPC was especially worried about the Saudi claims for retroactive price adjustments. I pointed out that at the most, these claims went back only to the date of signing of the present so-called fifty-fifty understanding in Saudi Arabia and that that arose because there had been no agreement as to prices at the time that understanding went into effect. Consequently, if IPC had a firm price understanding, it would not necessarily be affected by Aramco's action in now, for the first time, coming to agreement with the Saudis on this subject. Mr. Beeley replied that he was not entirely clear as to the basis of IPC fears, but he was sure that that Company was afraid of being hit with demands for retroactive payments.

No. 303

886A.2553/7-2853

Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser)

SECRET WASHINGTON, July 28, 1953.

Subject: Aramco Negotiation Plans

Participants: Mr. James Terry Duce, Vice President, Aramco
Mr. A. Chapman, Washington Representative, Aramco
NEA—Mr. Jernegan
NE—Mr. A.D. Fritzlan
NE—Mr. Funkhouser

Mr. Jernegan stated that Mr. Beeley, Counselor of the British Embassy, had expressed his Government's concern that Aramco in its oil negotiations with the Saudi Arabian Government might seriously disturb existing contractual relations in Iraq and Kuwait. Mr. Jernegan added that he had replied to Mr. Beeley that he would discuss this matter with representatives of Aramco. It was for this purpose that he had asked Mr. Duce to visit the Department.

The subsequent discussion with Mr. Duce brought out the following points:

1. Aramco will shortly present the Saudi Arabian Government with a new approach to both price and pipeline problems. The Iraq Petroleum Company and Kuwait Oil Company as well as all Middle East producing and pipeline transit countries will be substantially affected by the recent decisions of the Aramco Board of Directors.

2. Aramco is prepared to offer to share profits on the basis of posted or "world" prices, now $1.97 per barrel FOB Ras Tanura. This price represents an increase of $0.54/bbl. over the present value of Arabian crude. Aramco and SAG will thus each earn a $0.27/bbl. increase over the present $0.56/bbl. share of profits (approximately). This 50 percent increase in income will give SAG a total of approximately $220 million per year at the current production rate.

3. The impact on Kuwait Oil Company and particularly the Iraq Petroleum Company can be immediate and profound. It is apparent that demands for equal treatment will be made by the Iraq and Kuwait Governments. Iraq and Saudi Governments are now exchanging information on oil prices. Reports indicate that both are demanding "world prices" for their oil in place of the intercom-

pany 20 percent discount price which has formed the basis for past and present profit-sharing in both countries. They also intend to get the support of the Sheikhs of Kuwait and Qatar on this issue. Furthermore, the IPC agreement with the Iraq Government recognizes that Iraq can reopen discussions if a neighboring country receives more favorable terms.

4. The Kuwait 50/50 agreement is based currently on actual contract sales price. It is believed that half the oil moves at a discount (current Aramco and IPC basis) and the other half at posted prices (new Aramco offer). Pressure from Kuwait for increased prices can be expected to follow developments in Saudi Arabia and Iraq. (Under these conditions Iraq and Kuwait annual oil revenues could reasonably be expected to move from approximately $120 million (in Iraq pounds) and $160 million (in Indian rupees) respectively to the neighborhood of $180 million and $200 million respectively at present production rates.)

5. The basis for this drastically revised position of the Aramco board was not discussed in detail. Mr. Duce, however, stated that "it was foolish to think that when the Venezuela 50/50 agreement was signed in 1945 it would not be taken over by Middle East countries." The pending Aramco offer brings the Saudi Arabian agreement closer to the long-existing Venezuelan model. Venezuela shares profits with the companies on posted or world prices rather than on an intercompany discount price; Venezuelan prices reflect changes in the world market which Aramco prices did not. It was apparent that Aramco considered it in their best interest to give the Saudi Arabian Government the full value of their oil as reflected by world price conditions and as demanded by Saudi negotiators. This value has recently gone up in the Western Hemisphere and the new increase is also to be given to the SAG.

6. Aramco will keep 50 percent of this increased crude profit. The "parent" companies which purchase the entire output will lose this profit. The parents of Aramco will thus transfer a slice of profit from the refining and marketing branches to the producing branch. (Taxes paid the United States Government by the parents will thus be increasingly transferred to the SAG as in the original 50/50 agreement. It would appear that as in the case of the original 50/50 agreement, Aramco has found a means of increasing payments to the SAG at no extra cost to the company. A study of the United States and SAG tax details might even indicate that the company under certain circumstances would realize a net financial gain by their action.)

7. Since no price agreement was signed in 1950 when the Aramco-SAG 50/50 agreement went into effect, SAG negotiators have been demanding that any increased price be paid retroactive-

ly. The posted price since 1950 has been $1.75/bbl or $0.32 above the $1.43 company price. Retroactive payments, if forced from Aramco in the negotiations would thus result in an additional lump sum payment to SAG of over $100 million. (The difference between the $1.75 and the $1.97 price represents the recent increase in world oil prices.)

8. Plans to sever completely Tapline pipeline operations from the Arabian-American Oil Company will be finalized and presented to SAG. An "independent" pipeline company will probably be established; the "tariff" principle used in the United States will probably be applied to the Middle East operations; pipeline profits, which will be declared and will reflect tanker competition, will probably be shared 50/50 with the transit states. (Mr. Duce spoke of a $0.40/bbl charge or tariff for transporting oil from the Persian Gulf to the Mediterranean. Given costs of approximately $0.25 a barrel Lebanon, Jordan, Syria and Saudi Arabia would thus share approximately $8 million per year; Lebanon, Syria, Jordan now share approximately $3 million per year from Tapline.)

9. Mr. Duce emphasized that secrecy was essential until such time as the company negotiators presented these new offers to the SAG. He specifically asked that the information "not leave the country". However, it was apparent that IPC could realistically be expected to learn of these developments from parent companies which IPC held in common with Aramco. The United Kingdom Foreign Office would consequently soon be informed. Mr. Jernegan mentioned that it was on a basis of such IPC representations to the Foreign Office that Mr. Beeley had expressed his concern to the Department. Mr. Duce stated that Mr. Davies, Chairman of the Aramco Board, was now in London and would discuss the general problem with Mr. Gibson, IPC Managing Director. [1]

10. Mr. Jernegan stated that in response to the company's request for absolute secrecy he would inform Mr. Beeley that (a) the Department wished to follow its general policy of resisting involvement or advice to industry upon matters primarily commercial in nature such as oil price negotiations between Aramco and the SAG but (b) the Department had expressed HMG and IPC concern to Mr. Duce who promised to convey it to top officials of the company. Mr. Duce later informed the Department of his intention to contact Mr. Beeley directly and undertake a general discussion of the

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[1] Later that afternoon Jernegan met with Beeley. He told him the President of Aramco was in London and was expected to talk to the Managing Director of the IPC, who would probably pass the information on to the British Foreign Office. (Memorandum of conversation, July 28, 1953; 886A.2553/7-2853)

Aramco position. The Department representatives encouraged this approach.

Other points discussed included the following:

(a) A strong reaction from the British Government and/or British companies could be anticipated in view of the British tendency to go further in resisting increased payments to producing states in the Middle East and the added financial complications which would affect the sterling area. This drastic Aramco action also comes at a time when HMG has been pressing most strongly for coordinated United States-United Kingdom policy on Middle East oil.

(b) The timing of the Aramco approach would be as follows: Mr. Davies was expected in Saudi Arabia this week. He would immediately make known to Saudi authorities that he was prepared to resume negotiations. Negotiations would probably start after the Haj or approximately the first week of September. Details of the new pipeline approach would be worked out in the area in September by Messrs. H. Britten and J. Noble of Tapline.

(c) The new Aramco price offer would not break or alter existing agreements in Arabia. No agreement on price was ever reached between Aramco and Saudi Arabia authorities when the 50/50 profit-sharing agreement was signed. Aramco arbitrarily picked a $1.43 as the price basis for profit-sharing. The IPC agreement was patterned after this 20 percent discount off world prices. However, the Iraq Government in the Iraq-IPC negotiations formally agreed to this price.

(d) It was apparent since 1950 that Aramco was vulnerable on this price issue. By failing to reach agreement on price in 1950 Aramco was similarily vulnerable to demands for retroactive payments. The same would not seem to apply to the IPC case in view of the IPC-Iraq agreement, although in practice such demands for retroactive payments may be difficult to resist if paid to Saudi Arabia. There are, furthermore, ample precedents for retroactive payments in the area; the original Iraq and Saudi Arabia 50/50 agreements were retroactive one year and a year and a half respectively (to January 1950 in Saudi Arabia and January 1951 in Iraq). As mentioned above the precedents for establishing prices on a posted or world price basis already existed in the Western Hemisphere and Kuwait.

(e) According to the Department's information the original Saudi price demand was (a) to raise the crude price from a $1.43 to a $1.49 and (b) pay this retroactively to January 1951. This new price of $1.49 was based on advice given the SAG by an American firm headed by Mr. McNaughton. Aramco originally considered this demand exorbitant, refused and was subsequently subjected to demands for an oil price of (a) $1.91 for the future, (b) a price of a $1.75 retroactive to January 1950, and (c) a certain increase in price to reflect the increased value of oil as it moves toward the Mediterranean through the pipeline. The present Aramco offer would appear to go further than Saudi Arabian Government demands, except that the company hopes to avoid the retroactive payments.

(f) Mr. Duce stated that there was currently a surplus of oil in the industry and that certain of the companies were not in favor of the recent price rise. With regard to Arab acceptance of any downward price movement in oil, Mr. Duce stated that on a basis of his company's study of oil demand over the next 25 years (Paley Commission Report) the company was confident that it could maintain expanding and healthy operations.

(g) There was considerable discussion of the SAG's ability to spend these additional revenues. Mr. Duce stated that the company had no illusions in this respect nor did he feel it was their "business". He referred briefly to precedents in "Texas" regarding lavish expenditures. Reference was also made to precedents in Venezuela where annual oil income is now five time greater than Saudi Arabia's while area and population are considerably smaller.

(h) Regarding the possibility that the increased Persian Gulf price might bring Iranian oil into the market, Mr. Duce did not express concern but stated that he "always had held the position that a solution to the Iranian oil question was essential to the health of the industry."

(i) Mr. Duce stated that the intercompany oil price had been originally placed at the discount level ($1.43) primarily in order to provide the parents with the investment capital needed to develop the postwar refining and distribution end of business abroad. Now that this expansion in world-wide refinery and distribution capacity had taken place there was less need for the extra profit to be directed at that part of the business.

(j) When questioned regarding articles published in the area to the effect that cheap tanker rates were making the pipelines unprofitable, Mr. Duce stated "that must have been a planted article" and added "by someone other than us". He intended to diminish the proposition that the Middle East pipelines would lose business to tankers except under certain conditions principally involving currency and nonconcessionary companies.

886A.2553/7-3153

No. 304

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] July 31, 1953.

Subject: British Interest in Aramco-Saudi Price Negotiations

Participants: Mr. Harold Beeley, British Embassy
NEA: Mr. Jernegan

Mr. Beeley said a telegram just received from the Foreign Office expressed disappointment at the attitude of the State Department, which I had conveyed to him in our previous conversations on this subject. The Foreign Office felt that repercussions of unwise action by Aramco could be very serious. Mr. Beeley did not go into details of the Foreign Office cmmunication but it was obvious from his remarks that the British Government felt we should take a more positive attitude vis-à-vis Aramco in advising against concessions.

I said I was not surprised that the Foreign Office was disappointed. I did not see, however, how we could change our general position of not giving advice on matters affecting price. Our general philosophy, as I understood it, was that the oil companies should fight their own battles and make concessions where they had to. If they did not give ground from time to time, they would in the long run wind up in a still worse position. In the present instance, the question at issue was how much the companies would have to pay for their stock in trade, which was exactly the kind of question that confronted any private business anywhere. It was difficult for me to become greatly excited over the predicament of a company, and merely a subsidiary company at that, which was making a net profit in the order of $150,000,000 a year.

The matter would be quite different, I said, if the companies were threatened with losing their properties or if they were being squeezed to the point where their operations would be no longer profitable.

Mr. Beeley did not directly answer my observations but said what the British Government wanted was some collaboration among the different companies in the area so that they could present a united front to Arab demands. He realized that the American companies were reluctant to do this because of our anti-trust laws but wondered whether the same end could not be accomplished through governmental channels.

I pointed out that in the present case Aramco was now informed of the attitude of the British Government and IPC and that furthermore the President of Aramco, Mr. Davies, was to have talked with the Managing Director of IPC, Mr. Gibson, in London this week. So far as the information was concerned, I felt all that was really necessary had been done. [1] If Aramco wished to take a stand with the other companies it was in a position to do so. I thought governmental agencies could be used to a certain limited extent, as in this case, for the transmission of information. We could, at least, advise the American companies of the views of the British Government and we could add our own observations if we felt it proper. . . .

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[1] In telegram 489 from London, July 31, the Embassy reported the Foreign Office was concerned about developments in the Aramco–Saudi Arabian negotiations and requested some information on the matter from the Department of State. Telegram 597 to London, Aug. 3, informed the Embassy of conversations held in the Department with officers of the British Embassy and Aramco officials. (886.2553/7–3153)

Mr. Beeley observed in passing that the Iraqi Government had given notice to IPC that it wished to reopen negotiations on prices. As a sidelight, he mentioned that the note given the Company in this connection had had typed on the bottom "copy to Saudi Arabian Legation".

I remarked that if the Iraqis were already opening this question with IPC, it would seem to be less important that Aramco was involved in the same kind of discussion with Saudi Arabia. Mr. Beeley said IPC intended to refuse to reopen the price question; if Aramco made substantial concessions the IPC position would be greatly weakened.

No. 305

886A.2553/8-553

Memorandum of Conversations, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] August 5, 1953.

Subject: New Attitude of Arab States Toward Foreign Oil Companies

Participants: Mr. R.G. Follis, Chairman of the Board of Standard Oil Company of California
NEA: Mr. Jernegan

Mr. Follis said that his Company was deeply concerned about recent trends in the attitudes of the Arab States, specifically Saudi Arabia, toward the foreign oil companies operating in the region. He believed the action of the United States Government in bringing an anti-trust suit against the companies had caused the Arabs to look at the companies in a new light. Whereas formerly they had treated them as more or less ordinary commercial enterprises, they now tended to think of the companies as a powerful cartel which conspired to rig all petroleum matters in its own interest and threatened the sovereignty of the producing states. The Arabs took the line that if the United States Government itself made charges against the American companies, these charges must be true and the Arabs were therefore fully justified in taking any action, even including nationalization, necessary to protect their interests against this nefarious combine of economic imperialists.

Aramco, Mr. Follis said, was accustomed to being criticized by one group in Saudi Arabia which had always been hostile, but it was greatly worried by the fact that those who had in the past been its friends were now turning away and saying that they could no longer support the company in the face of the statements and actions of the American Government. He referred particularly to the Federal Trade Commission report and the anti-trust suit. He pointed out that the Arabs did not distinguish in their minds between a criminal suit and a civil suit and in any case were not interested in the punishment or lack of punishment of offenders against the laws of the United States but rather in the evidence produced by the United States to show that its own companies had been conducting themselves improperly.

To correct this situation, Mr. Follis thought the ideal would be a cancellation of the anti-trust suit. He recognized, however, that this was probably politically impossible for the Administration. It was, nevertheless, essential that the United States Government do something, he could not suggest what, to reestablish the credit of the companies in Arab eyes and minimize, if not eliminate, the impression that a cartel in fact existed.

In addition to the new critical attitude of the Arabs toward the companies, Mr. Follis emphasized the danger presented by the new Arab tactic of consulting together to form a united front against the companies. Whereas in the past each Arab state was probably deterred from pushing matters too far because the companies could, as in the case of Iran, make up production losses in one country by increasing production in another, they were now beginning to realize, he feared, that if they all acted together they could exert tremendous pressure. The West simply could not afford to lose the whole of Near Eastern production.

Aramco was about to embark on a new series of negotiations with the Saudi Arabian Government with regard to prices and, for the first time in the history of the concession, the Company was not confident of its ability to reach a reasonably satisfactory agreement. Even if agreement were reached, it was not confident that this would settle anything. It was quite likely that the Saudis would soon come forward with further demands.

This general picture led Mr. Follis to believe that in the future it was going to be necessary for the American Government to take a very active role in the Near Eastern oil situation and give more direct support to the oil companies operating in that region. I observed that I was sorry to hear him say that, not because the American Government would hesitate to defend the interests of American enterprises but because at the present time it was extremely difficult to give effective support in this kind of a problem.

With regard to the problem of restoring the credit of the oil companies in the minds of the Arabs, I said I appreciated the problem and that we would continue to give it attention but I did not see clearly what we could do.

Regarding the danger of a united Arab front and nationalization of oil holdings, I said we knew that the Arabs were in fact consulting together more closely than in the past but I had seen little or no indication of an immediate danger of nationalization in any of the Arab States.

Mr. Follis brought up the Iranian case and observed that he thought it was probably fortunate that no settlement had yet been made. If a settlement had been achieved on the basis of proposals previously put forward, he feared it would have wide-spread repercussions in the other producing countries. This was not because of the competitive effects of a reintroduction of Iranian oil into the world market but rather because the Arab States would see that Iran had successfully nationalized and still been able to make a profit from its oil resources. I suggested that the safeguard against this type of danger might be for the companies to so conduct themselves that the Arabs would see that they were getting greater benefits from the present type of arrangement than Iran could attain from taking over its own industry. I pointed out that it was most improbable that any sort of Iranian settlement would enable Iran to get profits equal to those now being received by the Arabs. Mr. Follis agreed this was the case so long as each country was acting by itself, but if they joined together in a common front against the supposed oil cartel they would then consider themselves able to exact whatever terms they liked and make it impossible for any one of them to be shut out of the world market. The Iranian example would serve as a deterrent only so long as the Arabs considered the companies might be able to make up a deficit in one country by increasing production elsewhere. As he had pointed out previously, this would not be the case if all Near Eastern producers were banded together.

In a conversation later today with the Acting Secretary, Mr. Waugh and Mr. Jernegan, Mr. Follis took the same line. General Smith expressed his complete understanding of the situation and his regret that the Federal Trade Commission report and anti-trust suit had produced the present state of affairs. He said that the Department of State, and he himself when he was head of CIA had foreseen these dangers and pointed them out at the time the decision was made to release the FTC report and institute the suit. He was afraid that the effect had been even worse than anticipated. The problem, however, was what to do about it. It would be almost, if not entirely, impossible for the President to call off the suit since that would involve over-riding the judgment of competent lawyers in the Department of Justice that there had in fact been violations of the anti-trust laws. Mr. Follis said he fully understood this. He wondered, however, if it would not be possible to conduct the case with a view to producing a minimum of unfortunate repercussions. Both General Smith and Mr. Waugh expressed great doubt that adverse publicity could be avoided once the case came to trial.

In the course of the conversation reference was made to the suggestion advanced last year that a governmental commission be set up to study the whole international oil picture with a view to substituting some form of continuing governmental control for the present anti-trust proceedings with regard to operations in the foreign field. General Smith said he would be glad to consider this suggestion. He would be willing to talk with Attorney General Brownell about this or any other procedure which would be politically possible and would get us out of our present dilemma. However, he would have to have some sort of definite proposal to make and he asked Mr. Waugh and Mr. Jernegan to make a study with this end in view.

No. 306

880.2553/8–1753

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

SECRET [WASHINGTON,] August 17, 1953.

Subject: Middle East Oil

Participants: Robert H. Scott, British Minister
The Acting Secretary, W. Bedell Smith
NEA: Mr. Jernegan

Mr. Scott said that his Government was greatly concerned over the Middle East oil picture and wished to propose that informal talks be initiated on the subject between representatives of the British Embassy in Washington and appropriate officers of the Department. He suggested that Mr. Harold Beeley, Counselor of the Embassy, would be designated on the British side and that Assistant Secretary Byroade would seem to be an appropriate officer on the American side.

General Smith observed that he fully shared the British Government's concern over the oil picture in the Middle East and that he saw no objection to the proposed talks. Our Officers were always at the disposal of the Embassy for discussion on any subject. He agreed that Mr. Byroade was the indicated Officer in this case.

General Smith and Mr. Jernegan both remarked, however, that while we agreed on the danger we would probably find ourselves in disagreement with the British on the tactics to be followed. The United States was inclined to think that the oil companies should accept the realities of the situation and make the best bargains they could to retain their foothold in the Near East. General Smith hoped that the proposed discussions would not degenerate into a haggling over tactical questions. He did not want a repetition of the Iranian affair in which the United States had constantly been pushing the British to make concessions to the understandable irritation of the British Government. He hoped that in the present case we could agree on general principles without attempting to settle all the tactical details.

Parenthetically, General Smith remarked, [we?] were convinced the Anglo-Iranian Oil Company could have made an acceptable settlement with the Iranian Government two or three years ago on the same fifty-fifty basis as that adopted by the Arabian American Oil Company. He pointed out that Aramco had successfully maintained its position in contrast to the AIOC. He assumed that one thing which had inspired the present British approach was fear that Aramco was about to make further concessions to the Saudi Arabian Government which would have repercussions on British oil interests. He thought Aramco had done very well so far in keeping a little bit ahead of the procession in its dealings with the Arabs and we were not inclined to discourage this policy.

Mr. Scott agreed that this was one, but only one, of the elements which the British Government undoubtedly had in mind. He said the British Government felt the problem of Middle East oil should be approached from a political rather than a commercial basis. There were major political and strategic interests involved. For that reason, his Government wanted the proposed talks to be conducted by political officers rather than oil experts.

Mr. Scott also observed that even from the commercial-financial point of view, the British Government had a more direct interest in Middle East oil than the United States. From this angle, the American Government was interested only in seeing that American companies continued to have successful operations and make profits. The British Government was interested not so much in the profits made by the companies as in the continued free flow of oil payable in sterling, thus avoiding a foreign exchange drain on the British Treasury. Mr. Jernegan replied that this might be a reason why the British themselves should have less objection to larger payments by the oil companies to the Arab Governments. To take a hypothetical case, if IPC should agree to pay Iraq sixty percent of its profits instead of the present fifty, this would have no effect on the flow of sterling oil. Mr. Scott agreed that this seemed to be a valid point.

Mr. Scott left with General Smith the attached memorandum on Middle East oil [1] which, it was understood, was intended to serve as a starting point for the discussions between the Embassy and the Department. It was agreed that arrangements for the talks would be made between Mr. Byroade's office and Mr. Harold Beeley. [2]

[Attachment]

Paper Prepared in the British Embassy

MIDDLE EAST OIL

I. THE EASTERN HEMISPHERE'S DEPENDENCE ON MIDDLE EAST OIL

The countries of the Eastern Hemisphere, and in particular those in Western Europe who are members of N.A.T.O., are becoming increasingly dependent on Middle East Oil. At the present time the Middle East is providing Europe with about 70% of total requirements, and about 60% of the requirements of the remainder of the Eastern Hemisphere. It is also becoming an important source of supply for South America. Moreover, as the Middle East is the only major proven production area that is capable within the next few years of a large expansion in output it will be called upon to supply the greater part of the free world's additional requirements outside North America. By 1958 it is expected that the Middle East will be supplying about 90% of the requirements of the Eastern Hemisphere. The maintenance of access to Middle East sources is therefore a vital interest to the entire western world both in peace and war.

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[1] See below.

[2] A memorandum by Byroade to Waugh and Phleger, dated Aug. 19, not printed, asked them to read this memorandum and its attachment. Byroade's memorandum advised that past conversations with the British had generally had negative results, and he feared the forthcoming talks would be the same. His main concern was that the Department of State would be talking to the British on a general subject on which there was no coordinated government policy line, and he had "reluctantly come to the conclusion that there cannot be any U.S. Government policy line in the near future." (880.2553/8–1953)

BEST COPY AVAILABLE

II. THREATS TO WESTERN OIL INTERESTS

(i) The confiscation of Persian oil has meant denial of access to Persian resources. While increased output elsewhere has, for all practical purposes, made good this loss, the fact remains that Persia has set a bad example by unilateral action in breach of her solemn undertakings. There remains the possibility that other producing countries, especially in the Middle East, may be tempted to follow the Persian example.

(ii) Apart from the impact of the Persian affair, the growth of militant and often irrational nationalism threatens Western interests throughout the Middle East. The political pressure in the Middle East is such that these countries will have no compunction in using nationalist and xenophobe fanaticism as a weapon against foreign companies, or in diverting against the companies the discontent of the people with conditions obtaining under existing regimes.

(iii) The present situation in Saudi Arabia is of immediate concern. The price negotiations with Aramco, which are tantamount to a renegotiation of a contractual obligation, have been in suspense but are expected to be renewed shortly. The uncertainty of the existing situation, and of its possible outcome, will inevitably affect similar current negotiations in other Middle East countries and notably in Iraq, where, in fact, the pressure has already begun. Moreover the possibility of wider repercussion elsewhere cannot be ignored.

(iv) It is known that the Saudis and the Iraqis have been in close consultation over prices, and are in process of 'ganging up' against the companies, with the object of extorting every cent they can.

(v) The 'pipeline' countries (notably Syria and Lebanon), dissatisfied with present agreements in respect of the pipelines which cross their territories, are demanding a new form of transit agreement involving a sharing of profits, although their contribution in fact amounts to little more than a wayleave.

(vi) Egyptian interferences with the Suez Canal and the growing pressure of the Egyptian Government on the Suez Canal Company may endanger the passage of oil through the Canal.

III. URGENT PROBLEMS

If the burdens imposed upon the oil industry continue to be recklessly increased the ability of the companies to maintain and expand their operations will be jeopardized. The interests of the British and United States Governments are closely allied in all these problems. Certain of them cry out for an early solution, and the case for a coordinated policy towards them is overwhelming. For example:—

(i) What happens in Saudi Arabia is bound to have an effect in neighbouring countries, and it is most important that no precipitate action should be taken during the present Aramco-Saudi negotiations. Urgent consultation between the companies and between Her Majesty's Government and the United States Government is therefore most desirable.

(ii) The pipeline negotiations with the transit countries also require co-ordinated Anglo-American action.

IV. ACTION ADVOCATED

Her Majesty's Government would propose the following as appropriate action:

A. General

(i) Both Governments should facilitate consultation between their respective oil companies in order:

(a) to exchange information, and
(b) to work out common policies on particular problems.

The two Governments should also coordinate their own policies towards these problems.

(ii) The two Governments should be ready to support each other's representations on behalf of their respective oil companies in appropriate cases.

(iii) Governments and companies should give urgent consideration to the steps necessary to improve Arab understanding of Western enterprise and intentions. They should encourage the Arabs to develop a sense of common interest with the West and to realize that by cooperating with the West they will be enabled to utilize their oil resources to the best advantage of their countries.

B. Specific

The arrangements contemplated under A (i) above should be made without delay so that there may be full consultation between the Companies concerned and subsequently between the United Kingdom and United States Governments on the subject of—

(i) the Saudi Arabia/Aramco and the Iraq/Iraq Petroleum Company price talks.

(ii) the Syria/Lebanon pipelines transit charges problem. [3]

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[3] Despatch 793 from London, Aug. 20, not printed, reported the views of the Embassy on the British paper. The Embassy believed the subject of Middle East oil was so important that policy discussions with the British should be given the most careful study. It expressed the view that attempts to foresee and forestall problems relating to Middle East oil were overdue, and said its despatch was stimulated in part

Continued

No. 307

880.2553/8-2653

Memorandum of Conversation, by David Robertson of the Office of Near Eastern Affairs

SECRET [WASHINGTON,] August 26, 1953.

Subject: Consultation with Aramco Preliminary to U.S.-U.K. Middle East Talks.

Participants: NEA—Mr. Byroade
Mr. Terry Duce, Vice President of Aramco
Mr. Alec Chapman, Washington Representative of Aramco
NE—Mr. Hart
NE—Mr. Robertson
L/E—Mr. Metzger
PED—Mr. Eakens

Mr. Duce called at Mr. Byroade's office at the Department's request to discuss Middle East oil.

In reply to a question by Mr. Byroade, Mr. Duce described his impression of the Iranian situation in the following terms: If as a consequence of the Shah's return to power Anglo-Iranian recovers her property in Iran, AIOC is not likely to shut back its production in Kuwait and Aramco will, therefore, have a problem in Saudi Arabia concerning the level of oil production. However, from what Prime Minister Zehadi has said, it does not appear likely that Iran will make a deal with the British. Mr. Byroade observed that if we are unable to work out a solution for the Iranian situation this time, there may be no next time. In reply to a question by Mr. Duce, he stated that it was a little premature to consult with industry on the situation as we are awaiting advice from our Ambassador at Tehran. He added that there seemed to be two alternatives, one of moving promptly to find a solution while the Shah is enjoying a wave of popularity, or, alternatively, awaiting developments when things were a little more settled. If we move prematurely, it might embarrass the new Government and jeopardize an opportunity of stabilizing their position.

"by the dangers of too much complacency regarding present developments affecting Middle East oil, of too little interest in decisions by companies which seem likely to have serious international repercussions in the near future and of a failure to foresee situations similar to that which resulted in Iran from the attitude of the British Government toward the Anglo-Iranian Company's policy and problems." The despatch concluded that a U.S. Government policy should be developed soon and should be coordinated with the Government of the United Kingdom. (880.2553/8-2053)

Turning to the general picture in the Middle East, Mr. Duce stated that the individual problems in the area should be viewed in the general context of the enormity of the resources of the area. Within two or three generations it may be found that this area contains 200,000,000,000 barrels of oil and as a consequence constitute a major source of energy for the future. Its proven resources were already beyond 75,000,000,000 barrels.

Mr. Byroade then mentioned that the British Government had recently made known its urgent desire to have talks with us concerning Middle East oil. They desired to explore the possibilities of coordinating their policies and actions with ours. The urgency underlying their request was the Aramco negotiations with the Saudi Arabian Government. Mr. Duce was informed in general of the points made by the British in their recent note.

Mr. Duce observed that the problem for Aramco was one of price under the 50–50 contract. At the time of negotiating the original contract in 1950 he had informed his people that they would have trouble concerning the special arrangements for a discount as regards the parent companies. However, the parent companies had persisted that this was justified by the extraordinarily large investment entailed in developing the facilities. At that time he felt that it was inherent in the situation that inevitably his company would have to adopt a posted price arrangement for all purchases. Now the expansion program has been carried out and the company must face the problem of price adjustment. Mr. Davies has been authorized to do just this in the forthcoming negotiations with the Saudi Arabian Government scheduled to begin on September 5. It is hoped that in the course of these negotiations the border prices previously offered by Aramco would be eliminated. However, he indicated that agreement on a posted price arrangement will not resolve all the problems.

In addition, there are the pipeline problems, particularly in Lebanon and Syria. The parent companies are studying this problem at the present time in New York. It is hoped that a plan may be worked out whereby the pipeline operation (Tapline) will be completely separated from Aramco with an established tariff for the line and payment under transit agreements made on the basis of such an independent operation. It is also possible that some of the pipeline stock may be sold locally and tariffs established therefor taking into account that it is a carrier competing against other carriers such as tankers. This kind of arrangement would be easy to explain, whereas under the existing arrangements it is difficult to explain anything.

In reply to a question, Mr. Duce stated that Mr. Davies had talked with General Manager Gibson of IPC and Mr. Loudon of

Shell in London. He was expecting a letter from Davies detailing these conversations. A cable from Davies stated, "Gibson fully informed our approach." Presumably Gibson has informed the Foreign Office of these talks. According to the Davies cable, Gibson was content with the plan whereunder sales would be based on posted prices. Gass and Loudon of Shell, however, had some reservations on the posted price proposal, thus indicating a division of opinion among the British participants in IPC.

Mr. Duce was of the opinion that IPC was disturbed primarily by the retroactive readjustment which Aramco will have to make with SAG. He recalled that Aramco had been asked by SAG to make payments retroactive to 1950. Davies has been authorized to make retroactive payments for 1952 and 1953 and the parent companies would probably yield on 1951 if this became a sticking point in the negotiations. He estimated that the sum involved would be in the neighborhood of $100,000,000.

Mr. Byroade stated that we desired to avoid a position in the forthcoming talks of doing little or nothing to meet the British request for consultations at a time when Aramco would be moving ahead rapidly in its negotiations which in turn would create certain problems for the IPC and other British companies. Mr. Duce replied that he appreciated our position and he felt that Aramco and the U.S. Government could keep each other informed in addition to which Aramco had, as mentioned, already conveyed certain information to IPC. He felt, however, that a constructive approach to these problems would best be achieved by working out some formal arrangement in the Middle East whereunder there would be a means for consulting with the Arab Governments concerned before arriving at any formal agreement with the United Kingdom. In a sense, the individual countries were more competitive with one another as regards the level of oil produced than the companies concerned. If Aramco were to proceed with the type of cooperation with British companies contemplated by the U.K. Government, it would be accused of "ganging up" against the Saudi Arabian Government. It seems imperative that some arrangement be worked out whereby the Arabs could be brought into the picture. It seems preferable initially that coordination take place at the Government level. The Governments could then confer with the companies individually or severally. However, any publicity should be avoided at all costs.

In reply to a question, Mr. Duce opined that the Iraqi Government talks at Riyadh were the reason for the desire of the Foreign Office to hold discussions with the United States Government at this time rather than any needling on the part of IPC. However, it may be a combination of both. Mr. Duce indicated that he had talked to Counselor Beeley only in general terms concerning Aramco plans as the latter had been primarily interested in the Buraimi situation. He had informed Beeley that Aramco would have to respect the wishes of the Saudi Arabian Government insofar as it was possible.

In reply to a question, Mr. Duce saw no objection to the Department holding the proposed talks with the United Kingdom nor to the Department informing the British representative in general terms of Aramco plans. He then pointed out that what happened in the Middle East in respect to the oil situation could have a bearing on West Texas crude price and, therefore, the independent producers of this country were concerned with developments in this area. At this point, he referred to the main problem down the road internationally for the American companies concerned with foreign operations. They may have to give up some freedom for safety or take increasing risks. In this respect, the scalpel should be utilized instead of the axe. Formal Government arrangements involving some control of industry may be necessary.

The essence of the current negotiations, according to Mr. Duce, was that Aramco work out its problems with the Saudi Arabian Government. It would be unfortunate if others dealt with SAG behind Aramco's back utilizing information imparted by Aramco.

Mr. Duce then turned to pipeline arrangements. Ambassador Malik had initiated talks here which were followed by discussions undertaken by Lebanese officials at Beirut. Aramco officials in Beirut then approached President Chamoun and were informed that Malik had no authority to negotiate but had been requested to obtain information. When the Lebanese officials in Beirut expressed the desire to renegotiate the pipeline agreement, Aramco officials there said they had no authority. They were instructed by the parent companies to wait until the new Government came into power. Meanwhile, IPC had undertaken negotiations. The parent companies of Aramco in New York are studying the complexities of the pipeline situation. Mr. Duce stated that he wished to ascertain the progress being made in New York and would inform us as soon as this was forthcoming. There was the problem of establishing a tariff on the entire operation of the line and then of dividing it somehow among the states. The tariff would have to be competitive in relation to other barriers. The division of the total tariff among states could either be on the basis of giving the same amount or making payments according to mileage. The present arrangements provide for cash payments on the basis of volume transitted. Aramco had agreed to border prices with SAG after IPC had agreed to a similar arrangement in Iraq. He reiterated a hope of eliminating border prices in forthcoming negotiations.

Mr. Duce concluded his remarks by stating that some formal arrangement must be worked out whereby the United States, United Kingdom, France and the producing Arab states [would?] consult with representatives of industry participating in an observer or advisory status. Countries transitted might also be included but he had some reservations about including consumer countries because of the resulting size of such [a group?] This group need only have an advisory role as advice on the part of the participating Governments on agreed positions would have a very large influence on the decisions of the companies concerned.

No. 308

880.2553/8-2753

United States Record of the First Session of the United States–United Kingdom Talks on Middle East Oil [1]

SECRET WASHINGTON, August 27, 1953.

Subject: First Session—U.S./U.K. Talks on Middle East Oil

Participants: British Embassy Team—
Mr. Harold Beeley, Counselor
Mr. R.W. Bailey, Political Officer, Near East
Mr. J.A. Beckett, Petroleum Attaché

U.S. Team—
NE—Mr. Hart
NE—Mr. Robertson
OMP—Mr. Willis Armstrong
PED—Mr. Robert Eakens
L/E—Mr. Stanley Metzger

Mr. Hart opened the meeting by expressing the regrets of Mr. Byroade that he was unable to attend the opening session because of pressure of work, and by indicating that the Department welcomed the opportunity of holding these talks. He then invited the British to set forth their views.

Mr. Beeley expressed his appreciation for the opportunity of holding these talks, referred to the memorandum which the British Minister had left with the Under Secretary [2] and described the British views in the following terms: The security of Middle East oil is becoming increasingly important to Western Europe, including the United Kingdom. While at the present time the Middle

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[1] Drafted by Robertson.

[2] Attached to Document 306.

East is providing Europe with about seventy per cent of its total requirements, it is contemplated in the future that this dependency would increase to some ninety per cent. Accordingly, the strategy of the Free World in the event of hostilities would be dependent on some resolution of the problems in the area. These problems are, therefore, highly strategic and political, not just economic in nature and scope. In addition, Middle East oil is of specific importance to the U.K. because it is a large factor in the U.K. balance of payments. For this reason the U.K. wished to exchange views on these problems for the purpose of insuring continued flow of Middle East oil.

At a time when Middle East oil is becoming increasingly important, as noted, the position of the companies concerned is being subjected to increasing threats of rising nationalism such as had been evidenced in the case of the Anglo-Iranian Oil Company in Iran. AIOC had developed a very substantial production reaching 30,000,000 tons in 1950 going to zero in consequence of the nationalization. While this gap had been rapidly filled by the increase of production in other countries, particularly Kuwait and Iraq, there is no assurance that a similar gap could again be filled if this type of thing happened in one of the other major producing countries. The self-consciousness inherent in increasing nationalism in Iraq and Saudi Arabia had resulted in increasing pressures respectively on IPC and Aramco. These pressures enjoyed a measure of success due primarily to a lack of coordination between the American and British Governments and companies. While it is not disputed that the Aramco 50-50 agreement negotiated in 1950 was a wise departure, IPC was forced to come in line in 1951 as a result of pressures generated from these negotiations. [3] In turn, IPC's concessions to Iraq's demands went a little farther than the Aramco agreement and resulted in new Saudi pressures on Aramco. As a consequence of new Aramco-Saudi negotiations about to begin, IPC is likely to be further pressed. This process could continue until it arrived at a point where the companies might be forced out of business. It must, therefore, be watched and somehow brought under control.

There are also the transit problems in Syria and Lebanon. These countries were seeking additional revenues. Tapline is in a stronger position since its agreements have been ratified. Lebanon has signed but not ratified its agreement with IPC, and Syria may have not as yet signed its agreement. IPC and Aramco should be able to agree on a demonstrably reasonable principle for transit payments, thereby bettering their respective positions to resist exaggerated demands currently being made. This principle should be a fair one, which can justify itself to the people of the transit countries.

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[3] For documentation, see *Foreign Relations*, 1951, vol. v, pp. 268 ff.

There is also the problem of the passage of oil through the Suez Canal. On a tonnage basis in 1953, seventy-five percent of the north bound traffic through the Canal was oil.

There is also the problem of a possible return of Persian oil to world markets as a result of measures undertaken by the new Government in Iran. It may be necessary to cut production in other states in the Middle East to make room for Persian oil. If this happens, it would be bound to give rise to recriminations among the Arab governments concerned. The U.S. and U.K. should, therefore, work out some equitable principle upon which any necessary cutbacks would be made.

Mr. Beeley emphasized that the U.K. considered these talks were not being held for the purpose of finding specific solutions for the problems at hand. The U.K. believes that the objective should be to reach agreement on the principles involved and the means of approaching the problems. It was hoped that the two governments might agree, as the result of these talks, to:

1. Facilitate consultations among the British and American companies concerned regarding concession and transit problems at hand;
2. Consult periodically (at least once every six months) for the purpose of reviewing the situation in the Middle East;
3. Undertake diplomatic representations as necessary to the countries concerned, in order to support previously agreed positions; and,
4. Join with the British and American companies in an effort to encourage better understanding among the Arabs of Western enterprise and a more constructive use of the large oil revenues accruing to Near Eastern Governments. Such revenues could be the basis of a rapid increase in the standards of living in the oil producing states. Somehow the Arab Governments should be made to feel a real sense of partnership with us.

Mr. Hart responded that we generally agreed with the oil picture as presented. He suggested that the discussions first focus their attention on the question: "How does the U.K. envisage that the Governments and the companies would get together?" He alluded to the fact that the principle of 50-50 had been accepted by Aramco in 1950 and by IPC in 1951 and that the question of price had now arisen under these agreements. What would be the basis for inter-government or inter-company consultations on price, for example?

Mr. Beeley accepted this suggestion and turned to certain problems concerning prices for the sale of oil. He stated that IPC sales and accounting to the Government of Iraq were based on posted prices. A ten per cent discount was allowed to parent companies on the basis of long term contracts. If in the forthcoming negotiations Aramco eliminates the discount practice in respect to its parent companies, IPC would have to do so and would be well advised to take the initiative before being called on by the Iraqi Government. However, if Aramco simply reduced its discount, the question of making retroactive payments might be avoided. The Saudi Arabian and Iraqi Governments were exchanging views and it seemed likely that Iraq would demand concessions similar to any made to Saudi Arabia. The effect of Aramco negotiations on Kuwait was not known since Kuwait revenues were based on profits from actual sales with no particular tie to posted prices. At this point Mr. Beckett observed that there was a slightly different situation as between the companies in that KOC sold primarily to non-parent concerns, while IPC and Aramco sold primarily to their parent organizations. He added that while there had been agreement, as indicated, on the 50-50 principle, these discussions could usefully explore what was meant by the 50-50 principle. While not greatly concerned about going to the 50-50 principle on a current basis, IPC is opposed to retroactive adjustments.

Mr. Armstrong then pointed to the fact that there were certain ties among the companies in that two American companies, Socony and Jersey, participated both in Aramco and IPC and a single British Company, AIOC, participated in both KOC and IPC. Mr. Robertson suggested that developments on Middle East problems may be related to developments in other areas. The 50-50 principle had, for instance, earlier been adopted both in the Far East and in Venezuela. The specific problems of the Near East might, therefore, be considered in light of similar developments in other areas.

Mr. Beeley stated that once production began to fall, there seemed little question that the producing countries would endeavor to maintain their revenues at peak levels, driving, if necessary, beyond the 50-50 principle.

Mr. Eakens then mentioned some of the differences in the problems of the respective producing countries. Revenues derived from the 50-50 principle would not be identical in that the grades of oil produced were of differing quality, selling at varying prices. The costs of production differed. Kuwait oil, for instance, was at a transportation disadvantage in that it had to be shipped farther at greater cost to points of consumption. IPC had conceded the principle of a guaranteed minimum which was not the case of the other companies. Accounting of revenues to the respective countries differed in that Kuwait revenues were based on actual sales, while Saudi Arabian and Iraqi were based on prices having relationship to posted prices. Company payments to the Government in Venezuela, which are the pattern for existing Saudi Arabia and Iraq concession agreements are based on posted prices. The establishment of such a pattern should be helpful in that it enables the price question to be self-adjusting.

Mr. Beeley then mentioned that he wished to assure the group that the U.K. was not primarily concerned in protecting the profit position of the British companies. The U.K. Government was more interested in improving its relations with and stabilizing conditions in the countries concerned in order to ensure the smoother flow of oil. The IPC had greatly improved its relations with the Government of Iraq as a result of the 1951 agreement. Its concern now was about the future and the repercussions of the Aramco negotiations. He reiterated that if Aramco eliminated the parent company discount and made retroactive payments, similar demands would be made on IPC. He added that IPC had during his residence in Baghdad been the subject of continuing pressure to increase its production commensurate with that in Kuwait. At that time there was some question about the single company operation of the very large concession held by IPC.

He then observed that he felt his side had not answered the question raised by Mr. Hart, "How does the U.K. envisage that the governments and companies concerned would get together?" He suggested that Mr. Beckett address a few remarks in reply to this question. Mr. Beckett stated that there seemed to be no consultations among the operating companies through their parent holding companies. He admitted that competitive forces and the anti-trust laws might be limiting factors. He mentioned ancillary activities by companies additional to the obligations under the 50-50 principle. He observed that IPC had performed its obligations according to contract but had not been pressed as Aramco had been in this respect. Mr. Armstrong questioned whether our bargaining is improved by the U.S. and U.K. Governments and oil companies getting together. Mr. Hart observed that Aramco's position had in the past been fairly strong with the Saudi Arabian Government because it had stood on its own feet and maintained its position separate and apart from the U.S. Government. Certain advantages had flowed from this separation of identity, particularly during the early days of the development of the Israel State.

Mr. Beeley interjected that he desired to focus interest on the need for consultations between the companies concerned, particularly Aramco and IPC concerning specific problems. We should discuss the manner of Government consultation and how to bring about better understanding with the Arab States in later sessions. This observation gave Mr. Armstrong the opportunity to suggest that the U.S. Government check the status of transit and concession arrangements and American company views on closer consultation with British companies. We could then discuss the matter further at the next session. Mr. Beeley responded that this suggestion was excellent and meanwhile his people could look into similar matters with AIOC and IPC.

Mr. Metzger stated that, with respect to American companies exchanging information with British companies, the American companies needed to take into account the anti-trust laws of the United States in connection with the degree to which they could lawfully exchange information. In addition, of course, they had the responsibility for determining the extent to which they deemed it wise to exchange information, within the area which they considered to be permitted by the anti-trust laws. He added that the anti-trust laws were a matter of serious concern generally in relation to the exchange of information problem. The U.K. representatives indicated that they understood this.

As regards the pipeline operations, Mr. Eakens observed that there were certain differences between Tapline and IPC. Tapline moved oil from one body of water to another and was, therefore, in direct competition with tankers. In contrast, IPC pipelines were the only means of moving oil which would otherwise have little value at the point of production. It may be difficult, therefore, to apply a common denominator of principles to transit arrangements. Mr. Beeley added that there was also a difference in the politics of the countries concerned. While the respective pipelines transitted Syria and Lebanon in common, IPC was accountable in addition to Iraq and Tapline to Saudi Arabia.

Mr. Hart then referred to the fact that the Arab League in its Petroleum Committee had recently given consideration to certain aspects of Middle East oil. He mentioned particularly the possibility of the "have nots" badgering the "haves" for some equitable sharing of the enormous revenues involved. When Mr. Beeley observed that the "haves" were not likely to share with the "have nots" on any voluntary basis, it was pointed out that the countries transitted by pipelines might be in a position to bargain in this respect. It was agreed that both governments should endeavor to ascertain the extent to which oil matters had been considered by the Arab League and the nature of any decisions made. All were aware that the Arab League Petroleum Committee had adopted some very general resolution concerning the oil boycott as applied to Israel.

In summary, it was also agreed that both sides would consult with their companies in order to identify the specific problems relating to basis of prices and transit payments and that these matters would be discussed at the next meeting scheduled for Tuesday, September 31 [*1*] at 3:00 p. m., in the NEA Conference Room.

After the meeting Mr. Hart briefed Mr. Byroade on the highlights of the discussions. Mr. Byroade agreed that we should contact the American partners in IPC (Socony and Standard of New Jersey) for the purposes indicated above. Consultation had already taken place with Mr. Duce of Aramco on August 26, 1953.

No. 309

880.2553/9-153

United States Record of the Second Session of the United States-United Kingdom Talks on Middle East Oil [1]

SECRET [WASHINGTON,] September 1, 1953.

Subject: Second Session—U.S./U.K. Talks on Middle East Oil

Participants: British Embassy Team—
Mr. Harold Beeley, Counselor
Mr. R. W. Bailey, Political Officer, NE
Mr. J. A. Beckett, Petroleum Attaché
U.S. Team—
NE—Mr. Hart
NE—Mr. Robertson
OMP—Mr. Willis Armstrong
PED—Mr. Robert Eakens
L/E—Mr. Stanley Metzger

Mr. Hart opened the meeting by informing the group we had received certain information concerning the Arab League Petroleum Committee meeting of July 5, 1953. This information was based on communications from Cairo and indicated that the Director of Mines for Fuel Affairs was Egypt's delegate to the July 5 meeting. The Director had been most uncommunicative both before and after the meeting. However, from other sources we had learned that the topics for discussion were a unified petroleum policy (largely wished by Egypt) and the Haifa oil refinery— where it obtains its crude and how to intensify the boycott against it. Exchange of information among Arab countries on petroleum matters was also discussed. Furthermore, these subjects were to be discussed at a meeting of the Economy and Finance Ministers of the League member states, possibly in September. Another report indicated that the member states of the Arab League had worked out an arrangement to keep each other promptly informed of any changes affecting the petroleum industry in the respective countries. This suggested that if any member state is able to improve its take from the international oil industry, the details will be promptly available to other members for such exploitation as they can give them.

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[1] Drafted by Robertson.

Mr. Beeley thanked Mr. Hart for this information and stated that his side had not as yet received such a detailed report. Promptly after the first session on August 27, the British Embassy had asked London for information on this subject. London had relayed the inquiry to Cairo and the British Embassy at Cairo had made an initial reply based on information obtained from the Assistant Secretary General of the Arab League. This communication stated that the Petroleum Committee had recommended a coordinated oil policy and had considered the subject of Arab oil boycott as applied to foreign firms engaged in sale and assembly activities in Israel and the Arab States. The Petroleum Committee had met twice. Mr. Hart observed that we had information on the application of the boycott to American marketing firms but would like to check the matter as regards those having assembly plants.

Mr. Beeley then reminded the group that this session was to deal with subjects under two headings, namely the Aramco and IPC negotiations and the problems of transit. Mr. Eakens detailed developments in this respect on the basis of consultations with American companies, particularly Aramco. Aramco is scheduled to resume negotiations with the Saudi Arabian Government early in September. The parent company instructions to Mr. Davies, President of Aramco, were to go only as far as necessary to reach agreement with the Saudi Arabian Government. Mr. Davies had informed the General Manager of IPC concerning Aramco plans. He had also discussed this matter with Mr. Loudon of Shell Oil in London. Aramco may have to go to a basis of posted or realized prices in calculating the 50-50 principle in its negotiations with the Saudi Arabian Government. This would have repercussions on IPC. Aramco was authorized to make concessions on the discount. It hopes to make a settlement without retroactive payments. However, it has been authorized to make concessions in the latter respect but serious problems may arise if required to make retroactive payments all the way back to the beginning of 1950. The basis for making retroactive payments would be complete implementation of the 50-50 principle to the benefit and at demand of the Saudi Arabian Government.

At this point Mr. Hart observed that Aramco considered the application of discounts in 1950 were justified by the very large investments involved in developing its facilities in Saudi Arabia and marketing outlets outside of the country. There followed a general discussion as to whether posted prices once established would be self-adjusting. It was observed that situations differ in the various producing countries. Kuwait revenues were based on actual sales contracts as negotiated, usually below the posted price for the area. Mr. Eakens observed that discount in sales to subsidiaries or parents of the producing company are harder to explain than discounts in sales to outsiders, particularly when the Arab governments were involved.

Mr. Beeley thanked us for information obtained from the American companies and informed the group that he had certain information in respect to IPC. In September 1951 the Iraqi Government had by letter informed IPC that if Iran or Saudi Arabia or any other producing state received a higher revenue per ton, it would require a corresponding upward re-adjustment of the agreement concluded between Iraq and IPC. IPC replied by letter that it would agree to consider such a matter if it arose. The wise policy for IPC would be not to haggle over terms but to make the Government of Iraq an offer if the situation arose. Iraq now gets a border price representing an increased share as the oil proceeds in transit. In consequence, Iraq enjoys this advantage over Saudi Arabia which as yet may not enjoy the benefits of the border price. Mr. Eakens interjected that the Saudi Arabian Government had raised the border price question early in its negotiations with Aramco but negotiations in this respect had not as yet been concluded.

Mr. Beeley then turned to the possibility of the resumption of activity in the Persian oil fields. Because of the delicacy of any future negotiations in Persia, it was extremely important to the U.K. that the principle of discount be maintained in the Arab States. The elimination of any discount in negotiations with Arab States may have a most unfortunate effect on negotiations in Iran. In turn, any concessions made to Iran may later plague the oil companies operating in the Arab States. The situation which may eventually evolve in Iran could result in a nationalized company selling to marketers or consumers with or without a discount.

Mr. Armstrong asked whether it would be possible that a settlement with Iran would be made for compensation with no arrangement for marketing; Iran making a separate arrangement with distributors selling through outside agents at or under posted prices. Mr. Beeley replied that Iran could not do this as it was not capable of taking on the obligation for compensation programs plus capital outlays involved in establishing an enormous marketing organization. Mr. Beckett joined in to say that compensation would have to be paid over a period of time and it was difficult to envisage that it could be paid in any other way. Mr. Beeley added that the U.K. may arrange to purchase the oil at the Persian Gulf on some sort of sharing-of-the-revenues arrangement with Iran under which

Iran would in turn make payments on compensation from its part. Mr. Beckett added that such an arrangement would in all probability relate to products as Iran had never exported crude in any substantial quantity and presumably the refinery would be put back into operation as soon as possible.

Mr. Metzger suggested that such an arrangement with a discount for compensation purposes may be attractive. Mr. Beckett replied that AIOC would insist that compensation be separated so that discounts would not be chargeable to AIOC marketing cost.

Mr. Armstrong then surmised that the Iranian negotiations could conceivably encompass a number of alternatives under which AIOC with its large marketing outlets as purchaser, and also as recipient of compensation, may come into the picture. Even if the discount principle were abandoned in the Arab States, it could be included in any Persian arrangement under some other name. He hastily added that he was not arguing for or against any particular arrangement or any size of discount or in behalf of posted prices or realized profits. AIOC seems to be a logical outlet for Iran to market its oil on which its economy so heavily depends for revenues.

Mr. Hart inquired whether the discount problem could be resolved by offering some form of compensation. Mr. Beeley thought not. He added that what his Government wanted to prevent was a situation whereunder all the states lined up, replaced individual companies with nationalized organizations and expressed a desire to sell at seaboard to marketing organizations should the Iranian case take that turn. Any arrangement in Iran will become known and may pose a most unfortunate precedent.

Mr. Armstrong inquired whether the situation in Iran was not different from that in the Arab States in that Iran had a big refinery and sold products, whereas oil was sold primarily in the form of crude from the Arab States. Mr. Beeley reminded him that Aramco had a good size refinery and he doubted in any event that this would make much difference.

Mr. Beckett stated that the Persian Government cut had come out of crude sales and refinery operations were paid for as a service. The removal of the discount in basing accounting on posted prices would result in going beyond the 50-50 principle. If the companies cut the posted price, Iraq could go on the market with up to 12½% of the crude which it had the right to demand under the concession arrangement.

Mr. Beeley suggested that the group turn its attention to the transit problem. Mr. Robertson indicated that our consultations with Aramco indicated the following information: The American parent organizations were studying the problem but had reached no conclusions. They were considering the various methods for computing payments to be made to the countries transitted. One alternative could be an equal division of a total sum among the countries transitted. Another alternative would be on the basis of mileage. Still another would be on the basis of ton miles. Finally, the transit company could call on representatives of the Arab Governments to decide among themselves how to divide up periodically stipulated sums. Consideration was also being given to establishing a separate company with a published tariff on a basis which would be competitive with tankers. This arrangement would be much easier to explain than the present situation. Sales of stock in such a company might also be involved.

Mr. Beeley observed that IPC also had not finalized its position. The Foreign Office feels that some form of tax agreement based on profits would more likely be acceptable to Syria and Lebanon than other forms of payments. However, the British companies objected to the principle of taxation in that it would almost be impossible to limit the sovereignty of the countries concerned in respect to increasing rates of taxation once that principle has been established. IPC prefers payments on a ton-mile basis. However, this will not satisfy the Lebanese as they feel that their short miles of transit are as important as the long transit miles of Syria. The British were also considering some form of separate pipeline operating company for IPC but would be reluctant to make such a move because of the implications involved.

Mr. Beeley stated that in view of the many complexities involved in reaching agreements between our governments as to principles which might be applied, there was increasing importance on the need for closer company consultations. The complexities not only dealt with the various aspects of operations, the types of payments involved, the political situations in the different countries, but also taxation measures both in the producing countries and the countries of residence of the parent organizations. As regards the transit companies, some tax method would be preferable to a 50–50 sharing of profits. He hoped the companies could find something which would stand up to examination. His Government would be inclined to back up any agreed company position that seemed reasonable. The question was raised as to whether the electric power supply arrangement between Norway, Denmark and Sweden might not be a good example. Mr. Armstrong thought not in view of its pooling aspects.

Mr. Hart then suggested that Syria and Lebanon, as transit companies, may wish to take crude from the pipelines for local refineries. He also mentioned that the countries transitted perform certain services in return for revenues such as providing police protection. Referring back to Mr. Beeley's suggestion for closer company consultation, Mr. Robertson stated that aside from the limitations of anti-trust laws, the American companies had mentioned the limiting factor involved in competitive and negotiating practices whereunder each company desired that its hole-card not be revealed. Mr. Armstrong added that a special committee is studying anti-trust and its implications and these studies would take some time. Our people were aware of the benefits derived from the anti-trust laws, as well as the complications when applied abroad.

Mr. Beeley said he would like to emphasize the need for closer Aramco–IPC consultation and wondered if this may not be further pressed. He was informed that the Aramco discussions with IPC in London had been evidence of progress in this direction and was considered by the companies as being as far as they could go in view of the anti-trust implications. Mr. Beeley continued that closer company consultation was necessary if agreed positions were to be arrived at in order that a reasonable case could be made for our Ambassadors to support at the diplomatic level for the purpose of smoothing over company problems.

Mr. Beeley suggested that the next meeting consider the means whereunder the U.S. and U.K. Governments and companies could closer consult and the additional item of educating the Middle East people to lay a foundation for better understanding. The participants agreed with this suggestion and that the next meeting take place at 3:00 p. m. on September 9. Since both Mr. Hart and Mr. Armstrong would be taking leave between September 12 and 22, it was also agreed that an additional *ad hoc* meeting could be held if any urgent question came up; otherwise, the next following meeting could take place soon after their return.

No. 310

887.2553/9-153

Memorandum of Conversation, by the Chief of the Petroleum Policy Staff (Eakens)

SECRET [WASHINGTON,] September 1, 1953.[1]

Subject: Views of American Participants in IPC on the Middle East Oil Situation

Participants: Mr. Charles F. Darlington, Socony-Vacuum Oil Company, Inc.

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[1] This memorandum of conversation was prepared on Sept. 23.

Mr. Charles Lockett, Standard Oil Company (New Jersey)
Mr. Robertson—NE
Mr. Eakens—PED

Mr. Darlington and Mr. Lockett are the chief officials of the Near East Development Company through which Jersey and Socony jointly hold their 23.75 per cent interest in IPC.

They were invited to come to Washington to discuss their views as the American participants in IPC on the Middle East oil situation. The Department wished to be fully informed concerning their views in connection with the U.S.-U.K. oil talks now in progress.

The company representatives were first asked whether they believed closer discussions on their part with the British oil companies would be desirable. They were also asked to what extent IPC knows of the plans of Aramco and Tapline through their ownership in the two companies. Mr. Darlington said that Aramco had in the past prevented the American IPC partners from keeping IPC fully informed regarding Aramco's operations. This resulted mainly from the California and Texas interests in Aramco holding back Jersey and Socony. Mr. Harding of Socony once stated that California and Texas had "sealed his lips" regarding Aramco's operations. Mr. Darlington believed that Socony and Jersey would generally favor closer discussions whereas California and Texas probably would not. He felt, however, that the companies already were going about as far in such discussions as they would be willing to go without antitrust clearance. Mr. Lockett, however, did not believe that the companies would wish to discuss everything with IPC. He felt that there would be Aramco matters which, as a matter of tactics, Aramco would wish to keep to itself. For closer discussions to be carried out, Mr. Darlington believed that some new mechanism having government sponsorship or sanction would be required.

There was then a lengthy discussion of the negotiating position of Aramco in regard to the removal of the discount and the basing of the payments to the Saudi Government on posted prices. The two company representatives disagreed on Aramco's basis of negotiation. Mr. Lockett contended that Aramco was authorized to agree to settle with Saudi Arabia only on the basis of net realization. Mr. Darlington on the other hand, said that the 50-50 to which Aramco was authorized to agree was to be based on posted prices whether or not such prices were realized in actual sales. Mr. Darlington telephoned later to say that his interpretation was correct and that in a subsequent discussion he had with Mr. Lockett, Mr. Lockett agreed. New instructions, however, had been sent to Mr. Davies, Chairman of Aramco, on Friday, August 28. These instructions did not change the basis of negotiations previously agreed to but they did introduce a proposal for the establishment of buffer companies which would operate as follows: A buffer company would be established by each of the Aramco parents. The buffer companies would purchase oil from Aramco at a discount of 18.3 per cent off the presented posted price of $1.97, or at $1.61 per barrel for 36° A.P.I. gravity oil. This is the same percentage discount which was in effect under the old price when Aramco sold to its parent companies at $1.43 per barrel and the posted price was $1.75. If the oil which a buffer company has purchased from Aramco is sold at the posted price, the buffer company will make the sale direct to the user of the oil. It will then share equally with Saudi Arabia its profit on the purchase from Aramco and the sale at the posted price the same as Aramco shares its profits on producing and selling to the buffer company at $1.61 per barrel. If the oil which a buffer company has purchased from Aramco is not sold at the full posted price, the buffer company will sell the oil to another subsidiary of the same parent company at the posted price and the subsidiary which buys the oil from the buffer company will sustain any loss in the transaction. The buffer company thus makes all sales at the posted price and accounts for its profits to the Saudi Arabian Government on the basis of the posted price regardless of the actual price at which the oil is sold.

Apparently this proposal of settling with Saudi Arabia on the basis of posted price, whether or not such prices are actually realized, was put forward and insisted upon by California and Texas. Socony and Jersey apparently would prefer to settle with Saudi Arabia on the basis of net realized prices. In response to an inquiry as to why California and Texas were willing to go this far, Mr. Darlington said that they are scared, that Aramco is their only concession in the Middle East and that they feel that this is necessary in order to protect their concession. Mr. Darlington also volunteered that California and Texas being relative newcomers in such concession operations are more "evangelical" than the older and more experienced companies.

As to the 50–50 plan generally, the company representatives felt that it is here to stay and that there will be no alternative but for IPC to go to the full 50–50 when and if Aramco does so. Mr. Darlington personally did not think that going to 50–50 was going to settle anything. He believes that after 50–50 has been agreed upon the Middle East countries will continue to endeavor to obtain a larger and larger share of the profits from the oil operations within their countries.

While the company representatives do not like the idea of retroactive payments, they believed that whatever arrangement is made by Aramco with regard to such payments will have to be made by IPC. They did not believe that they would be relieved of having to make retroactive payments to IPC if the Aramco discount was simply reduced rather than completely abolished. The British participants in IPC, as indicated by the British representatives in the U.S.-U.K. oil talks, apparently believe that they would be less vulnerable to retroactive payments if the discount were reduced rather than wiped out altogether. IPC naturally will regret having to make any changes in its concession agreement simply because of a change in the oil situation in the Middle East outside of Iraq and over which IPC has no control. IPC is at peace with Iraq and there is no pressure on the part of Iraq to get rid of the existing discount. The discount was negotiated with Iraq in the 1951 negotiation and it was fully understood and accepted by Iraq. Mr. Darlington felt, however, that the letter which IPC had written to Iraq saying that IPC would consider a change in the concession terms if better terms were made by some other company in the Middle East represented a firm commitment on the part of IPC to raise payments to Iraq if such payments were increased elsewhere.

In regard to the renegotiation of IPC's transit agreements with Syria and Lebanon, very little is happening at the present time. IPC considers that its negotiations with Syria have simply been suspended and that they will be resumed again at such time as Syria indicates it wishes to do so. The company representatives did not believe that there is much to be done in regard to the transit negotiations. They believe that the pattern which will be established by Aramco will have to be followed by IPC. The Aramco negotiators are authorized to agree to a tariff for the part of Tapline in Saudi Arabia and to split the profit based on this tariff equally with the Saudi Arabian Government. Aramco has in mind a tariff of 40 cents per barrel between the Persian Gulf and Sidon and the establishment of roughly 66 per cent of this figure, or about 25 cents per barrel, as the tariff applicable to Saudi Arabia. Until the Aramco negotiations are completed and it is known what arrangements have been made with Saudi Arabia in regard to Tapline, there is not much to be done in regard to transit arrangements with the other countries.

No. 311

880.2553/9-953

United States Record of the Third Session of the United States-United Kingdom Talks on Middle East Oil [1]

SECRET [WASHINGTON,] September 9, 1953.

Subject: Third Session—U.S./U.K. Talks on Middle East Oil

Participants: British Embassy Team—
Mr. Harold Beeley, Counselor
Mr. R. W. Bailey, Political Officer, NE
Mr. J. A. Beckett, Petroleum Attaché
U.S. Team—
NE—Mr. Hart
NE—Mr. Robertson
L/E—Mr. Stanley Metzger
OMP—Mr. Willis Armstrong
PED—Mr. Robert Eakens

Mr. Hart invited Mr. Beeley to comment on the items to be considered by this session of the U.S./U.K. talks on Middle East oil. Mr. Beeley opened his remarks by stating that he would first like to discuss the question of how the interested companies should meet to discuss the specific questions involved in working out transit agreements. The Foreign Office had suggested that IPC and Tapline meet at the management level, holding several meetings before initiating negotiations with the transit countries. Thereafter the negotiators should consult on the spot as the negotiations proceed. It was hoped that this could be fitted into some sort of procedure meeting the requirements of U.S. anti-trust legislation. Mr. Hart observed that the Foreign Office possibly had in mind, in respect to pipeline negotiations, the kind of discussions undertaken between Davies and Gibson in London. Mr. Beeley indicated agreement.

Mr. Beeley continued that reports from London indicated that the American oil companies' representatives there were apprehensive over the Davies/Gibson type of talks. Mr. Armstrong observed that as of the middle of September, the oil companies which were defendants in the cartel case would be called on to respond to the Government complaint and were instructed to turn in the documents pertaining to the case. During the course of the past summer they were supposed to have been turning in these documents. The Gulf Oil Company had been complying with the Government request by turning documents over to the Government. Mr. Beckett interjected that he understood the hearings in the case were to begin on September 14. Mr. Armstrong continued that previously under the criminal case, all documents turned in would have been available to the Grand Jury and thus would have become known to members of the public serving on the Grand Jury. However, since a civil suit had been instituted to replace the criminal proceedings, no documents would be made public until a screening committee consisting of Government agencies has reviewed them. However, there would be no restraint on testimony given by witnesses. We may need a legal opinion on the U.K. suggestion that the IPC and Tapline representatives get together. Mr. Hart agreed that we could explore the legal aspects.

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[1] Drafted by Robertson.

Mr. Robertson recalled that in addition to the restraints deriving from the anti-trust laws, there was also the matter of the oil companies being restrained by virtue of traditional commercial and negotiating practices.

Mr. Eakens stated that the Aramco was thinking in terms of a separate pipeline company with a published tariff, slightly below the level of tanker cost, at a figure of about forty cents. Under such an arrangement, the profits on the line would be shared with the Government as in the case of the production.

Mr. Hart informed the group that Aramco has received a summons by the Saudi Arabian Government to Riyadh for the resumption of negotiation on September 24. The Saudi Arabian Government representatives would be headed by Prince Feisal.

Mr. Metzger observed that there is a close line between exchange of information, such as publication of trade statistics on the one hand, and "collusion and conspiracy" to fix prices, divide markets and other acts in restraint of trade on the other. Trade associations have been attacked in one or two instances for their activities. Attorneys for the oil companies, therefore, might well pause before approving the U.K. suggested procedure of the pipeline representatives getting together before and during the course of the forthcoming negotiations.

At this point Mr. Beeley inquired whether the purpose of exchanges of information has a bearing on the case: for instance, would exchanges of geological data be permissible? Mr. Metzger responded that it depended on the purpose involved. Since the enactment of the anti-trust laws, the anti-trust division of the Department of Justice had been loathe to give advisory opinions. It seemed to him that the only way to get an opinion is to get an oil company judgment on the question. Where you get over the line is touchy business in any exchange of information. Any advice from the Department of State to the companies would not absolve the

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companies from anti-trust prosecution even if they strictly adhered to the Department's advice. The Department must, therefore, be very careful in the extent to which it advises any American oil company to get together with British companies in any particular set of negotiations; essentially the companies, which are subject to the anti-trust laws, must make the judgment themselves, since theirs is the risk under the law.

Mr. Beeley continued by expressing his understanding that both the British and American pipeline companies were thinking along similar lines. It would be advantageous for these companies to exchange information on conclusions reached before undertaking any negotiations. He hoped, therefore, that we would examine the legal aspects at the earliest possible moment. Mr. Metzger responded that the matter could be put to the companies.

Mr. Beeley suggested that the Anglo-American negotiations of 1945 might be a precedent in that the oil companies were called into the picture. Mr. Eakens observed that the Anglo-American oil agreement negotiations were conducted under the sponsorship of the two Governments and the oil companies concerned only came into the picture to provide information on a basis of requests from the participating governments.

Mr. Armstrong stated that foreign plantation owners in Indonesia had consulted in the past and he assumed that a similar procedure had been conducted elsewhere. This might be an indication as to the extent to which individuals could exchange information.

Mr. Metzger stated that the case of the plantation owners may not fall within the meaning of "commerce" as used in the Sherman Act. He added that consulting on the part of an individual or company with its Government could hardly be considered as conspiratorial under the Sherman Act. The provisions of the Act were directed to actions among companies and individuals. Collective bargaining by labor or management on an industry or area-wide basis was also not considered in contravention of the Act. However, price fixing by labor unions collusively with management would be a violation. Until oil company operations, foreign or domestic, are given an exemption by legislation as had been done in the case of aviation, the sword of Damocles would hang heavily over head and the oil companies must make their judgments accordingly. Mr. Beeley observed that in his opinion the U.K. proposal would not be in the nature of price fixing or market dividing or otherwise in restraint of trade.

Mr. Hart then suggested that the group turn its attention to how we may lay an educational base, the other item for consideration at this session.

Mr. Beeley stated that the position of the oil companies was precarious because of the ignorance of public opinion as regards the nature of oil operations. Heavy pressures continued against them as a result of rising nationalism and sensitivity of the countries concerned. In Iraq, the companies are producing a certain amount of propaganda concerning their operations to an audience of limited literacy. Baghdad newspapers had never seen an oil field but constantly carried articles of a critical nature. IPC had invited people to visit the oil fields and those few who accepted seemed to take a broader view. However, there was a limited response, possibly for the reason that some people did not wish to change their views. The question is whether the companies have the capacities of coping with a problem of this sort and whether additional machinery is necessary. A number of additional alternatives have been considered by the Foreign Office but none have been put forth with any enthusiasm. One suggestion which the Foreign Office wished him to put forth for the purpose of exploration, but not in any sense as a commitment, is the establishment of some form of international consultation on or control of Middle East or world oil through a petroleum council with advisory powers. The Governments of the principal producer and consumer states could participate in the petroleum council. The task would be to achieve a balance and generally broader understanding between producers and consumers.

Mr. Hart inquired whether participating countries could be kept interested in staying in such an organization once it were established. Crude oil must be competitive with coal and this might be a limiting factor. Would consumers have an effective whip in that some of them have indigenous supplies of coal? The factor of price might also be pertinent. Mr. Beckett responded that he thought public opinion and price would be factors. Consuming governments were more powerful politically than producing governments and this might contribute to bringing about a proper balance.

The ILO was cited as an example of how such an arrangement might work out. In it, facts were exchanged and the organization made recommendations to the participating members. The 1945 Anglo-American oil agreement, if ratified by the Senate, would have given treaty status to a study group where information could be exchanged among the participating governments and the oil companies involved. The wheat agreement could be cited as a precedent for a treaty. The rubber study group could be cited as a precedent in this respect. It had some twenty interested countries participating. There are other study groups in cotton, wool and tin. The question of an international oil study group posed certain different problems, however, in that it would involve large companies and governments of a very disparate nature.

Mr. Metzger observed that under an international oil agreement, the Arab countries might act collectively sooner than otherwise. Mr. Beeley responded that while the Foreign Office considered this possibility as mitigating against such an agreement, it seemed to him that the Arab countries were already getting together. An oil commission or study group in which they participated would give them greater knowledge of the implications involved, would permit them to participate and contribute their views to studies made and would inform them of what goes on in other areas.

Mr. Eakens observed that the Anglo-American oil agreement of 1945 was designed to cover the kind of situation we were now confronted with. Its objectives of providing access to the oil resources and of orderly development seemed equally applicable today. The agreement provided for establishing an International Petroleum Commission to make studies, exchange information and facilitate consultation with their nationals engaged in the petroleum industry.

Mr. Beeley stated that the advantages of an international oil treaty would be (1) it would give the governments concerned a feeling of having more knowledge of oil company operations, (2) if a dispute arose between a government and a foreign company, it could be referred to the commission, and (3) such a commission would facilitate the making of studies and exchange of views.

Mr. Robertson suggested that our two governments might well make studies of the merits of an oil treaty.

Mr. Armstrong stated that in the past we have not sought Congressional approval for participating in commodity study groups. We had to go to Congress for approval of the wheat and sugar agreements. We are subject to some criticism on a point of order if participation in a study group is found objectionable by Congress. This is a factor of importance in considering an oil study group, especially in view of the opposition to the Anglo-American oil agreement of 1945.

Mr. Robertson observed that the situation today differed in many ways from that which prevailed when the Anglo-American oil agreement was transmitted in 1945 to the Senate for ratification.

At this point a general discussion ensued concerning the use of an oil treaty or study group as a vehicle, in view of anti-trust limitations, for holding exchanges among governments, between the participating countries and interested oil companies, and among the oil companies serving in advisory panels in response to requests made by the participating governments.

Mr. Hart inquired whether the U.K. would have a problem similar to ours in that in the past there had been some difference between companies which were purely domestic and those which also conducted foreign operations. Mr. Beeley replied that the U.K. has no such problem as there are no domestic interests which conflicted with those of the overseas companies.

Mr. Robertson inquired whether the U.K. would envisage an oil treaty in its inception as being bilateral or multilateral. Mr. Beeley replied that it should be undertaken from the beginning on a multilateral basis in order to encourage a sense of partnership with the West on the part of the producing states.

Mr. Armstrong observed that all commodity organizations were open-ended for interested governments and the USSR could presumably not be excluded if a similar pattern were followed in oil. In this connection, Mr. Eakens observed that if the USSR came in we would have little to lose as free world information was not classified anyway and we could then badger the Russians to reveal statistics which in the past have been kept secret.

Mr. Beeley stated that we should look into the implications of an Anglo-American oil treaty or alternatively some form of commodity study group in view of the current situation in the oil industry, particularly its position in the Middle East.

Mr. Hart inquired whether the Middle East countries would have a common bond in the matter of conservation. There followed a general discussion concerning conservation which revealed that it is not in fact a problem because each oil pool in the area is under single management and conservation measures in the United States are directed at situations in which more than one producer is concerned.

Mr. Beeley suggested that the next meeting cover the two subjects: (1) the legal aspects of the U.K. suggestion that pipeline company representatives consult before and during negotiations and (2) the merits of an oil treaty or some form of commodity study group. He reiterated that the question of an oil treaty was one in which his Government was putting forth as an idea to be explored but not with official endorsement. It was agreed that these items be discussed at the next meeting scheduled at 3 p.m. on September 24 in the NEA conference room.

Mr. Hart observed that Aramco was gratified that the Saudi Arabian Government had hired as consultant the American firm of Degolyer and McNaughton without any request being advanced on the part of the oil companies.

No. 312

880.2553/9-2453

United States Record of the Fourth Session of the United States-United Kingdom Talks on Middle East Oil [1]

SECRET [WASHINGTON,] September 24, 1953.

Subject: Fourth Session—U.S./U.K. Talks on Middle East Oil

Participants: British Embassy Team—
Mr. Harold Beeley, Counselor
Mr. R. W. Bailey, Political Officer, Near East
Mr. J. A. Beckett, Petroleum Attaché

U.S. Team—
NE—Mr. Hart
NE—Mr. Robertson
OMP—Mr. Willis Armstrong
PED—Mr. Robert Eakens
L/E—Mr. Stanley Metzger

Mr. Beeley inquired whether we had obtained information from the American oil companies concerning their views on the legal aspects of the U.K. suggestion that British and American pipeline company representatives consult before and during the course of any negotiations for the purpose of meeting the demands of the transit countries.

Mr. Robertson indicated that we had consulted the American companies and had obtained the following information. A Tapline official indicated that his company was considering the transit problem in terms of establishing a separate pipeline company with a published tariff and revenues accruing to the transit countries on a basis of taxation of the profits. While these views have not been one hundred per cent accepted, there were senior officials in each of the parent companies thinking along these lines. Information obtained informally indicated that the British companies in IPC are also considering the transit problem along similar lines. In reply to an inquiry, the Tapline official had responded that while it would be desirable to hold consultations at the management level with the British companies and for the negotiators to consult on the ground during the course of negotiations, his company would be reluctant to follow such a course in view of the risks involved under anti-trust legislation. An official of one of the American participants in IPC had informed us that his company would welcome the opportunity of closer consultation between IPC and Aramco on the

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[1] Drafted by Robertson.

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transit problem. He did not see how success can be achieved without such cooperation. He believed that chaos may result unless some basis for cooperation is found. He did not feel, however, that the thing suggested by the British could be done in view of the risks involved under the anti-trust laws. Although his company could not cooperate with the British companies in the way proposed, he was hopeful that something constructive could be developed from the British proposal.

Referring to the principle of taxation on profits of a proposed separate pipeline company, Mr. Beeley inquired whether Tapline was considering this matter in terms of the 50-50 principle. Mr. Robertson replied that this item had not been covered in our recent conversations with the American companies but possibly Mr. Eakens could throw some light on the subject. It could be speculated that with the acceptance of the 50-50 principle on oil production the Saudi Arabian Government might logically seek to apply this principle to any separate pipeline company, once the latter is established.

Mr. Beeley then inquired if we were prepared to state our views on the merits of an oil treaty or some form of commodity study group. Mr. Hart asked Mr. Robertson if he would comment on this subject.

Mr. Robertson replied that we had considered informally a number of possible alternatives which could be considered in a study of the matter. They were in the nature of reflecting the thinking of some of the Department officials concerned. They had not been formalized in any way and were not being set forth in any sense of a commitment on the part of the Department of State. In any consideration of some form of multilateral oil treaty containing the general provisions of the Anglo-American Oil Agreement of 1945, we would be confronted with the question of to what extent would the criticisms and opposition to the earlier 1945 agreement prevail today. While the situation may have changed in some respects, it could best be appraised in terms of consulting the industrial and Congressional critics. This we have not done. It might be possible to overcome such criticisms and opposition, for instance, by restricting the terms of reference of a multilateral oil treaty to considering disputes arising between foreign nationals holding oil contractual rights in producing countries and the producing countries concerned. A petroleum commission or council, with the governments of the foreign nationals and the producing countries concerned participating, would be much more limited in scope than the broader terms of reference of the 1945 agreement. Should there be a dispute, for instance, between a producing country and a foreign oil company over whether the company had properly accounted for revenues accruing to the country, the dispute could be referred voluntarily by both parties to the newly established council or commission. This body could arrange to employ competent outside accountants to audit the books of the company under its supervision and report on the result of such an audit. Reference of disputes to the new body should be voluntary on the part of both disputants with suitable provisions against any encroachment on the sovereignty of any producing country or the corporate rights of any foreign oil company. While an oil study group could also be considered, it is doubtful whether an approach such as this without treaty status could be very effective due to the lack of legislative sanction and in view of anti-trust limitations.

Mr. Armstrong observed that the situation concerning oil was different to that which prevailed concerning other commodities for which treaties and study groups had been established or for which agreements had been negotiated. Wheat and sugar were the subject of agreements while cotton, tin, wool and rubber were the subject of international study groups. Large companies were not in the picture in other commodity groups in the way in which they figure in oil, i.e., as operators in the producing countries. The role of the producing countries had been one of sitting back, leaving operations to the companies and demanding increasing revenues. The consuming countries were numerous and the major ones were the homes of the companies which operate in the producing countries. Consumers are so widely scattered and so numerous that few countries could be said to represent an identifiable consumer interest. On the other hand, the consumers of cotton, for instance, were largely the manufacturers who took the raw material and made it into some finished product. There was also the disturbing factor that in the case of oil, U.S. domestic companies had been very much opposed to the establishment of any international body to deal with oil problems. We would be sure to arouse considerable U.S. domestic antagonism and criticism should it become known that a multilateral oil study group or treaty was being considered. Three principal sources of antagonism could be considered as: (1) the coal and domestic petroleum elements who are strenuously opposed to foreign oil imports; (2) anti-trust elements which would undoubtedly view an international oil group as a smoke screen for getting around the limitations of anti-trust legislation; and (3) elements in American business and government who have never shown any particular enthusiasm for international commodity agreements. There was considerable U.S. opposition to the pre-war producers agreements in tin and rubber. There is probably less receptiveness in the new Administration than in the former toward international commodity agreements. Furthermore, the establishment of a study group on oil might complicate within the U.S. current study group arrangements on other commodities such as tin and rubber which could be harmful to both the United States and the United Kingdom.

Mr. Metzger observed that generally he agreed with the observations of Mr. Armstrong. He added he would like to remark particularly on the anti-trust effect of establishing a study group or an oil treaty at the present time. If an oil treaty were negotiated permitting exchange of information within industry, it could have the effect, depending on its terminology, of amending anti-trust legislation in this respect as such a treaty, once ratified, would govern. In the absence of specific legislation for a study group or in a treaty permitting such exchanges of information, the provisions of the anti-trust laws would not be changed. At present there is no specific legislative authority for the participation of the U.S. in commodity study groups. Our ability to regularize this situation might be adversely affected by any public knowledge of plans to establish an oil study group. There is no specific provision in the sugar or wheat agreements for consultations among industry. All exchanges of information are among participating governments and the governments in turn work out their own arrangements for consulting with industry.

Mr. Beeley stated that the Foreign Office takes the view that this is not the time for establishing an international petroleum council. However, his Government welcomes the opportunity of exploring and discussing the matter. His Government's views are based on two fears: (1) anything in the nature of an international oil council would provoke further "ganging up" on the part of the Arab States and pose serious risks; and (2) a body of this kind would tend to be divided into two camps, the producers and the consumers. Furthermore, neither the producers nor the consumers could be counted on to support the broad area of agreement which exists between the governments of the U.S. and the U.K. It might, therefore, become a three-sided affair. He added that in his personal view, it might be desirable to explore further this matter at some time in the future.

Mr. Armstrong observed that should the Arab States go a long ways in establishing a regional organization, amounting to a bloc of governments, there may be some merit in taking defensive action. We could then raise with the Arab States the question of the consumer/producer relationship. Mr. Beeley inquired whether he had in mind establishing an economic commission for the Middle East under ECOSOC such as existed in the Far East. Mr. Armstrong replied that we had not particularly liked the regional economic commission idea in the beginning, but that some of these commissions had done useful work. A general discussion followed in which it was indicated that a proposal for the establishment of an economic commission in the Middle East under ECOSOC, considered in 1948, may have been overcome by events deriving from the Palestine hostilities.

Mr. Metzger stated that, from a legal point of view, there was a disposition against regional adjustment bodies outside and independent of the international court, as they impinged on the prestige of the court. Any proposal to establish another tribunal on a multilateral basis to handle oil disputes might complicate as well as duplicate the work of the international court and detrimentally affect its prestige. The establishment of a regional international court in the Latin American area had been opposed by the United States for the same reasons.

At this point Mr. Eakens observed that the establishment of machinery to handle disputes at a technical level should be more attainable than a general study group in the United States. Most of the difficulties in the past, as in the case of Iran, had arisen out of disputes on concessions. It would, therefore, be advantageous to have some machinery to deal with such disputes at a technical level before they got out of hand. Mr. Beeley interjected that the producing countries might be reluctant to submit disputes arising within their own borders to any international body whose findings may have the effect of impinging on their sovereignty. Mr. Hart stated that he felt this would be the situation in Saudi Arabia. Mr. Eakens continued that the problem of disputes between the oil companies and the producing countries will become more difficult and more serious once the 50–50 principle has been reached. The companies will then have little if any further ground to give in meeting demands for greater payments to the sovereign governments without getting out of line with payments in the other producing states. Because of the limitations on the private companies in dealing with sovereign countries, some machinery might be necessary to cope with this situation.

Mr. Metzger stated that the judicial method for settling disputes was less easy where large groups were arrayed on vital subjects than when the matter was confined to less important matters.

At this point Mr. Hart announced that the Saudi Arabian Government negotiations with Aramco were being postponed from September 24 to a later date at the request of the Saudi Government. Mr. Eakens stated that, according to Aramco, the negotiations were postponed until November at the request of the Saudi Arabian Government.

Turning again to the question of an international oil body, Mr. Armstrong stated that if machinery is set up to ascertain the facts or arbitrate disputes, agreements which at present were between private companies and producing countries would in time be converted to agreements between governments in view of the intercession of the British and American Governments on behalf of their nationals holding contractual rights.

Mr. Beeley stated that the Foreign Office is apprehensive over the application of the 50-50 principle to any division of pipeline profits. He added that it is important that the two types of enterprise not be confused. In production arrangements, the government's part is considerable in that it provides the resources which are the subject of exploration and production, while in pipeline operations the government takes a very small part as it is primarily a matter of moving the oil. In the latter case, the company makes all the effort.

Mr. Hart stated that under the Saudi Arabian Government Income Tax Decree of November 5, 1950 the net profit of companies operating in Saudi Arabia is taxed at a rate of twenty per cent. Under another Income Tax Decree promulgated on December 26, 1950, an additional income tax is levied on companies engaged in the production of petroleum or other hydrocarbons. Under the latter, the rate is fifty per cent of the net operating profits of such companies, less all other payments to the Saudi Government, thus making the effective rate on Aramco fifty per cent. Under Tapline's concession, Tapline is exempted from all tax levies for the duration of the concession agreement, but at the end of fifteen years is committed to the payment of a reasonable transit fee at least as favorable to Saudi Arabia as payments by Tapline or any other pipeline to any other Middle East country, taking into account mileage and through-put.

Mr. Eakens observed that under the IPC arrangement with Iraq, half the profit between the well and border prices was split with the Government. This situation would not be affected if Aramco made a similar concession in Saudi Arabia. Furthermore, the United States Government subjects its pipeline companies to a fifty-two per cent tax as a part of the general tax structure. It would, of course, be better if the foreign countries concerned enacted general income tax measures rather than single out the oil companies for special taxes. Mr. Beeley observed that there would be no objection to general tax laws or if all exactions from the pipeline companies amounted to fifty per cent. However, his Government was opposed to special laws applying the 50-50 principle to the profits of the pipeline companies.

A general discussion followed in which it was pointed out that IPC and Aramco pay special charges for police protection and other services. However, IPC pays a rather small charge for police protection over and above the 50-50 split with Iraq, while Aramco contribution for this service is computed as a part of the 50-50.

At this point Mr. Eakens observed that the oil companies have put themselves in a special position and made themselves vulnerable to being singled out for special exactions by having negotiated transit concessions under which they have tax immunity. The oil companies probably will continue to be singled out so long as they are not willing to give up this special position. This might be a matter to be explored with the companies.

Mr. Beeley concluded that the discussions at this point seemed to have exhausted the agenda. He hoped that it might be possible to consider a meeting at least once every three months to review the Middle East oil situation. He inquired whether it would be possible to meet once more to tidy up loose ends and to consider the desirability of a quarterly review. It was agreed that the final session of the current talks be held on Thursday, October 1, at 3 p.m., in the NEA conference room.

No. 313

880.2553/10-153

United States Record of the Fifth Session of the United States-United Kingdom Talks on Middle East Oil [1]

SECRET [WASHINGTON,] October 1, 1953.

Subject: Fifth Session—U.S./U.K. Talks on Middle East Oil

Participants: British Embassy Team—
Mr. Harold Beeley, Counselor
Mr. R. W. Bailey, Political Officer, NE
Mr. J. A. Beckett, Petroleum Attaché
Mr. Victor Butler, British Foreign Office
U.S. Team—
NE—Mr. Hart
NE—Mr. Robertson
OMP—Mr. Willis Armstrong
PED—Mr. Robert Eakens

Mr. Hart opened the meeting by remarking that this last session of the current U.S./U.K. talks on Middle East oil was for the purpose of tidying up loose ends on the various problems covered. He felt that the talks had been both profitable and useful. The Department would be happy to review the Middle East oil situation periodically. Referring to a request made by Mr. Beeley at the last session, he expressed the thought that we might hold the periodic talks once every six months with the understanding that special arrangements could be made to hold discussions more frequently if warranted by any particular important development. He added that we were gratified with the way in which the talks had progressed and wished to refer particularly to two developments. First, it seemed to him that the talks had been most useful in seeking further ways of establishing a relationship of confidence between the two governments. Second, he appreciated the thoughts advanced on the avoidance of "ganging up" on the part of our two governments against the Arab States concerned. He added that it had been most useful that the principles upon which action might be guided had been and could continue to be considered. Furthermore, a by-product of the talks may be a more systematic consultation with the oil companies concerned on both sides.

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[1] Drafted by Robertson.

Mr. Beeley replied that his Government appreciated the time and thought given to these talks. As a consequence, he had been able to encourage his Government in London that the two governments were working along similar lines. While his instructions had been to seek periodic talks on a quarterly basis, he believed that his Government would be agreeable to holding meetings once each six months, particularly in view of the understanding that additional discussions could be arranged when necessary. According to this arrangement, the two governments could schedule the next regular talk for March or April of 1954. [2] Meanwhile, the problem of public relations between the companies on the one hand and the producing and transit countries on the other, and the type of contribution which our two governments might be able to make in this field, could be explored. The emergence of the Iranian oil industry was a development that should be watched.

Mr. Hart stated that Ambassador Moose, who was back from Syria on consultations in the Department, had made certain suggestions in respect to the transit problem. Ambassador Moose had indicated that he is impressed with the frailty of any profit sharing arrangement under which the oil companies make pipeline payments. He believes the 50–50 profit sharing plan is both unsound in principle and dangerous in practice. The only principle which the transit countries recognize is the principle of getting larger and larger payments from the pipelines. Should the profit sharing principle be admitted, it might well turn out to be a step toward nationalization such as occurred in Iran; it might well inspire parallel

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[2] Representatives of the two countries met again on Apr. 5, 7, and 8, 1954. Regarding these meetings, see Documents 336, 337, and 338.

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demands on foreign companies engaged in air or sea transportation which serve ports or airports in the Near East; it could inspire the Government of Egypt to invoke the profit sharing principle in order to share the savings of tankers passing through the Suez Canal. If the local government is able to impose 50-50 profit sharing, there is no obvious point, short of the capacity of the company to pay, where further increases in the government's demands can be halted. A 50-50 division has no more innate value than 60-40, 75-25 or any other ratio. The calculation of the profits to be divided, whatever the proportionate share, is sure to be a thorny problem. A more desirable course would be one embodying a principle which could be defended by the pipeline companies and which the U.S. Government could better support. A suggested course would be for the pipeline companies to propose, when the pressure for a new arrangement becomes irresistable, and push a counter plan to demands for profit sharing, offering to give up their special positions of tax immunity in return for "national treatment" whereby their property and income would be taxed at a rate no higher than that applied to local firms and their obligations and rights would be those of a domestic business concern. The highest currently applicable tax rate in Syria is thirty-six per cent. We have under consideration in Syria a FCN treaty calling for national treatment.

Mr. Butler responded that he thought it would be extremely wise that the oil companies fit into the general tax structure of the Arab States. He added that he was under the impression that Aramco and IPC had been thinking along these lines. Mr. Eakens observed that the oil companies were thinking in terms of some form of taxation, but exactly what form was not yet clear. However, he added that giving up their tax immunity would involve a major decision by the oil companies.

Mr. Armstrong pointed out that if the tax principle were to be considered, it might be well to examine how changes in the law could be made in respect to oil company payments. Tax laws, for instance, could be changed by the governments unilaterally without any consultation with the oil companies. On the other hand, if the oil companies held valid agreements with the government, presumably the agreements would be changed only as a result of bilateral negotiations. To this observation Mr. Metzger added that once you stake out national treatment as the standard of treatment, the oil companies would get no better or no worse treatment than the nationals of the countries concerned.

Mr. Eakens mentioned certain risks involved in accepting the principle of taxation as had been demonstrated in Venezuela. In that country, a tax law enacted on December 31 of 1947 or 1948 under the guise of a generally applicable tax, retroactive to the beginning of the year, had cost the oil companies some thirty million dollars in additional taxes without a single Venezuelan enterprise paying the tax. He added that Syrian tax levies on IPC would be larger than on Tapline, assuming profits are commensurate with transit distance and volume of oil transported.

Mr. Butler expressed the thought that the oil companies might find lesser risk deriving from increased taxation once the principle were established than on any arbitrary division like the 50-50 profit sharing. There would be great pressure on the part of the transit states to exceed the 50-50 ratio once revenues began to decline in order to maintain revenues at peak levels. A precedent had already been set in Iraq by IPC which had accepted the 50-50 principle on the profits of the pipelines between the wells and the Iraq-Syrian border.

At this point Mr. Beeley interjected that while the principle of taxation might be acceptable to Syria in respect to transit payments, Lebanon might object in view of the short transit distance across that country. To this Mr. Armstrong added that we have not succeeded in negotiating FCN treaties with any of the Arab States. We have, however, negotiated treaties with certain other countries in the Middle East such as Greece, Israel and Ethiopia.

Mr. Eakens stated that the fact that the oil companies enjoy tax immunity makes them vulnerable to being singled out for increased demands by the governments concerned. We might, therefore, discuss with the oil companies the question of whether they would be willing to accept the principle of taxation which would involve their giving up the tax immunity they currently enjoy. To this Mr. Beeley added that if separate pipeline companies are established, there may be less resistance to giving up tax immunity on the part of the oil companies concerned. Mr. Robertson suggested that this might be a decision for the companies to make.

At this point Mr. Metzger observed that the historical record regarding the ability of governments to support their nationals in respect of heavy taxation by other states shows that certain difficulties had been encountered. International law principles in the tax field were weaker than in other fields. If the taxes were not confiscatory or discriminating in nature, the government would not be standing on very solid ground. Consequently, when considering standing for national treatment on tax matters, it may look better in principle than it actually is in practice.

Mr. Hart observed that there is no easy solution for the transit problem as, on the other hand, the governments in the Middle East had not made a very good record in respect to recognizing the validity of existing contracts.

Mr. Metzger continued that there were other factors in the field of taxation that should be kept in mind. Foreigners domiciled here are treated on the same basis as Americans with a few notable exceptions. One exception is that domiciled foreigners are subjected to withholdings ranging from twenty-two per cent upward; while non-domiciled foreigners are subjected to withholdings ranging from thirty per cent upward. More important for the problem at hand, however, is that classifications can be made which provide certain differentiations on objectively reasonable bases without being considered discriminatory. Congress had said, for instance, that where employers have eight or more employees, they must pay social security tax; there was no requirement for a tax for employers who had less than eight employees. The courts have held that this and similar classifications are permissible, despite the fact that differences in treatment result. Classification applies in a very wide area. It would be very difficult for foreign nationals to attack differentiations under such classifications.

Mr. Armstrong stated that the Syrians could enact tax measures for all pipelines in the country at a rate of sixty per cent or more. The fact that IPC and Tapline were the only pipelines in the country would not enable our government to protect the companies on a basis of national treatment. Mr. Eakens added that this kind of precedent had already been established in Saudi Arabia where a fifty per cent income tax was levied only on oil producing companies.

At this point Mr. Hart suggested that we might turn our attention to how oil companies might bring about better understanding of Western enterprise on the part of the Arab governments and thus endeavor to make friends in the area. It was observed that the efforts of the oil companies to date had yielded limited results. Mr. Armstrong suggested that we look into the information activities conducted by our governments to see if they were contributing in the most effective way toward the problems under discussion. At the same time, we should avoid getting the government in a position of being adjuncts to oil company operations.

Mr. Beeley observed that the policy of the British Embassy in Iraq has been to avoid any impression that British Government media participated directly in this field. British Embassy officials there advised the oil companies on how they might handle their information programs most effectively. Furthermore, they encouraged the Development Board to publicize how the monies derived from oil revenues were being spent in useful ways.

Mr. Armstrong then mentioned that we might also continue our thinking and study concerning the merits of an oil study group or international agreement and review this matter at future meetings with the British.

No. 314

886A.2553/10-1153: Despatch

The Chargé in Saudi Arabia (Jones) to the Department of State

SECRET JIDDA, October 11, 1953.

No. 142

Ref: Department's Memorandum of Conversation July 28, 1953, "Aramco Negotiating Plans." [1]

Subject: Aramco's "New Proposals".

As the result of a request from Crown Prince Saud that Aramco submit for Government study, prior to resumption of formal discussions on November 8, an outline of the Company's recently determined position regarding oil pricing, Aramco has addressed to Prince Feisal a letter summarizing its so-called "new proposals." [2] Mr. Garry Owen, the Company's Representative to the Saudi Arabian Government, has informed the Embassy of the provisions of this letter, dated October 6, requesting, however, that dissemination of this information be limited to officers of the Department in Washington.

Under the terms of the letter in question, Aramco undertakes to bill offtakers for *all deliveries for export* on the basis of posted price at Ras Tanura (presently $1.97) provided, however, that Aramco will accept billings (i.e., deductions from posted price) from offtaking companies for actual selling expenses. While these expenses vary somewhat, they are estimated at present at approximately two percent of published price.

In making this proposal, which is to supersede previous suggestions with regard to assimilation of Tapline properties within Saudi Arabia, Aramco's letter specifies that the Company "anticipates" that the Government will agree to the following:

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[1] Document 303.

[2] At the time of preparation of this despatch this letter had not yet been delivered. It was anticipated, however, that delivery would be effected in the very near future. [Footnote in the source text.

[Despatch 148 from Jidda, Oct. 18, reported that the Aramco letter had been delivered to Prince Faisal on Oct. 14. (886A.2553/10-1853) Despatch 1217 from Paris, Nov. 3, reported a conversation between the Petroleum Attaché at the Embassy and Lewis McNaughton regarding recent discussions between McNaughton and the Saudi Arabian Minister of Finance at Versailles. The discussion had centered on the sales prices of crude oil as they affected the 50/50 agreement on profits between Aramco and the Saudi Arabian Government. (886A.2553/11-353)]

1) Adjustment of Tapline's outstanding claims for customs charges;
2) Increased acceptance of non-dollar currencies, particularly Sterling;
3) Acceptance of the Company's income declarations for the years 1950, 1951 and 1952, 1953's return to be prepared on the same basis, adjusted only as increased billings to offtakers may commence;
4) Tax immunity of Aramco stockholders, offtakers and all others participating in export of the Company's products;
5) Adjustments for gravity and stabilization;
6) "Some understanding" regarding the other outstanding questions raised by the Government in January, 1952.

It will be noted that the stipulations enumerated above, constituting Aramco's *quid pro quo* for increasing its payments to the Government by an estimated $50,000,000 a year, include virtually every major point of disagreement between the two parties.

J. Jefferson Jones, III

No. 315

Editoral Note

On October 21, Deputy Assistant Secretary of State John D. Jernegan sent letters to the Embassies in Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, London, and Tehran enclosing an NEA Staff Study on an International Treaty in Respect to Middle East Oil Disputes. The study, dated October 16, suggested a multilateral oil treaty restricted in purpose and membership to providing a forum at a governmental technical level designed to facilitate settlement of disputes arising between the oil-producing states of the Middle East and foreign nationals holding oil contractual rights in those states. The letters to the Embassies, dated October 21, asked their views and comments on the enclosed staff study as soon as possible, so that the Department of State might then proceed to confer with other interested agencies in the Executive Branch. It requested the Embassies to consider, among other matters, whether the proposed treaty would be acceptable to the Near Eastern states concerned, and whether the oil companies would like it. The study suggested that a treaty having suitable provisions against any encroachment on the sovereignty of any producing country and providing for a reference of disputes to an international oil commission on a voluntary basis might tend to counter the objection that the producing countries would be reluctant to submit disputes arising within their own borders to an international body whose findings would have the effect of impinging on sovereignty. As far as the oil companies were concerned, when a Departmental position had been determined, the Department planned to consult the companies on an informal basis to see whether the proposal was acceptable to them.

The letters to the Embassies and staff study are in Department of State file 880.2553/10-1653. A summary of the replies from the Embassies is in the memorandum by Byroade, Document 325.

No. 316

Editorial Note

Despatch 80 from Jidda, August 16, informed the Department of State that the Chairman of the Board of Directors of Aramco went to Jidda on August 15 for discussions with the Crown Prince and Minister of Finance. He informed them that Aramco's new price proposals were ready, and the company was prepared to resume negotiations at the convenience of the Saudi Arabian Government, provided Aramco was given 2 week's notice to enable company officials to make the trip from New York. Telegrams 101 from Jidda, September 10; 120, September 23; and 125, September 26, reported first that Prince Faisal wanted to reconvene the negotiations on September 24 and Aramco had agreed; then the Saudi Arabian Government postponed them, and finally that negotiations would begin again on November 8. According to telegram 195 from Jidda, November 1, the Saudi Arabians requested the discussions be postponed to December 8; and telegram 268 from Jidda, December 8, reported the pricing discussions had again been put off, probably until late in January. (King ibn Saud died on November 9, 1953.) Additional information on the discussions between Aramco and the Saudi Arabian Government on oil pricing is in Department of State file 886A.2553.

No. 317

Editorial Note

Despatch 126 from Jidda, September 29, reported a disturbing degree of labor unrest among Aramco employees in Dhahran. A number of anti-Aramco petitions being circulated in the area had come to the attention of the Crown Prince, who had then appointed a governmental committee of investigation. Despatch 143 from Jidda, October 11, reported the committee had arrived in Dhahran and had begun its investigation. Despatch 145 from Kuwait, November 15, told the Department of State of reports it had heard that the new King Saud and Prince Faisal were incensed by the attitude of Aramco during the recent strike and resented what they considered Aramco's policy of keeping Saudi Arabs from obtaining responsible positions in the company. Despatch 190 from Jidda, November 19, reported the Saudi Arabian Government was irritated by a report that Aramco had indicated to the press that the Dhahran strike had been directed against the government, rather than the company. The Embassy feared the ill will aroused by Aramco press statements would continue to plague its relations with the government. Documentation is in Department of State file 886A.2553.

No. 318

880.2553/11-3053: Telegram

The Chargé in France (Achilles) to the Department of State [1]

CONFIDENTIAL PARIS, November 30, 1953—5 p. m.

2099. I. Charpentier, Director General of Economic side of Foreign Office, in informal conversation with Labouisse, stated that French officials were pre-occupied with certain aspects of the world petroleum problem. He expressed particular concern over recent talks between Aramco and Saudi Arabia, without apparently knowing precise nature of those talks. He also expressed concern as to effects surplus supplies will have on prices. He said that Bonnet had been instructed to discuss matter with Department.

II. The particular points discussed by Charpentier fall roughly into three categories:

a. Iranian Oil. Present French concern here is that they be included in any conversations relating to possible cutbacks in other areas in event Iran production resumed. He said he had talked matter over with British, expressing view that this question should be discussed on "governmental level" and that British had agreed. Charpentier suggested that US, UK, French and Netherlands governments were those who should "put heads together."

b. Modification of structure of companies. Charpentier suggested possibility that events would necessitate some reconstitution of the structures of international oil companies in the Middle East. He apparently has in mind the possibility of single entity in each Middle East producing country which would own the oil, refining and distributions facilities, which ownership would be shared presumably by producing country and the international petroleum companies. He said this was only tentative thinking on his part but that matter of structure of companies would certainly have to be discussed and French would like to be in on discussions. His reason for suggesting some structural modifications was that we would be "eaten to bits" by the producing countries if the off-takers could not get together. He realized anti-trust problem for US would make it all more important that matter be handled on governmental level.

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[1] Repeated to London.

c. Soviet Offers. Charpentier mentioned facts that Soviets have agreed to furnish French 400 thousand tons crude from Baku; that Finns had asked whether French wanted one million tons Russian oil; that Soviets had recently offered sell gasoline to France against payment in Austrian schillings (Charpentier said French had refused offer; he also requested that information re this offer be closely held); and that Soviets offering oil to Italy and certain South American countries. He feels that entry of Soviets in world petroleum picture emphasizes the need for inter-governmental discussions among US, UK, French and Netherlands.

III. Wish to emphasize that Charpentier approach very informal and apparently unofficial. Gather that any official approach in hands of French Embassy Washington. If Department has been approached by French Embassy, we would appreciate receiving comments. [2]

ACHILLES

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[2] Telegram 2027 to Paris, Dec. 3, not printed, informed the Embassy that Ambassador Bonnet had requested informal talks on Middle East oil problems at the official level, preferably on a tripartite basis with the British. On Dec. 3, the French Embassy was informed that the Department of State would be glad to discuss the matter with them on a bilateral basis, since such talks had recently been held with the British. (880.2553/11-3053) For a memorandum of the first conversation with the French on Dec. 18, see Document 320.

No. 319

883A.2553/12-1853: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

CONFIDENTIAL BEIRUT, December 18, 1953.

531. Prime Minister Yafi asked me call this morning and raised question of renegotiation of unratified IPC agreement (Embtel 518, December 11). [2] Said he had previously taken up with British and

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[1] This telegram was sent by pouch.

[2] Not printed; it reported the Government of Lebanon had been corresponding with Tapline and IPC, requesting new negotiations of the May 1952 agreements and asking the companies to get in touch with the Minister of Finance. Neither company planned to contact him. (883A.2553/12-1153)

French and also intended doing so with Dutch because of various national interests involved. Following is summary of Yafi's presentation:

1) He wished confine his remarks to IPC and not speak now of Tapline, with which relations had been generally better. Believed also that, if satisfactory agreement could be reached with IPC, should not be difficult come to understanding with Tapline.

2) He realized there had been much intemperate and irresponsible discussion of pipeline question in press and in Chamber of Deputies; wished make clear that this was not impelling force but rather that 1952 agreement had been concluded by people who had not taken the public interest adequately into account. The agreement was consequently one which the present government could not and would not put before the Chamber of Deputies for ratification.

3) Governments succeeding that of Sami Solh had violently opposed the 1952 agreement. Present government also opposes but wishes make clear desire cooperate and not intimidate. If some reasonable compromise is to be reached, IPC would find present government reasonable and Yafi would personally undertake to obtain legislative acceptance.

4) Matter has been talked over generally with the Syrians, with whom Lebanese intend making common cause.

5) GOL has no specific plan to put forward at this time. Personally, Yafi is dubious about the 50-50 idea which George Hakim so strongly championed but there might be something to be said for a plan which would take into consideration the reduced purchasing power of receipts since the agreement of 1931 was signed. In any event, some new and defensible basis for payment should be found.

6) If GOL is to combat communism, it must do something to alleviate the lot of the needy, which now is both serious and dangerous. Lebanon does not need money to balance its regular budget but it does need money for social betterment; this also is in the interest of its Western friends.

7) Yafi hoped these views would be transmitted to the US Government in the expectation that it would counsel the American participants in IPC to adopt a more understanding attitude. The GOL had spoken to IPC in friendly terms; the latter should, however, understand that the GOL was serious and would not tolerate further refusal to discuss.

I observed that this was first time this matter had been raised with me and I would not undertake to discuss in detail. However, I would venture observe that, although true that 1952 agreement had not been ratified, the fact remained that it had been reached after due discussion and had been signed by the then government. I knew of nothing which had happened in the meantime to change the basic situation on which agreement had been reached. Also, although I appreciated the desirable purposes which the government wished to serve by increasing its revenue, it seemed clear to me that an agreement of this kind was essentially a business transaction and it would therefore be inappropriate to approach the company on the basis of need unrelated to the service being rendered. Furthermore, the government's request must remain somewhat nebulous in the absence of any specific recommendations or proposals. However, I appreciated the friendly way in which the Prime Minister had raised the question and would report to my government as requested by him.

Just prior to my talk with Yafi, I met with British and French Ambassadors who indicated that Yafi had approached them along same lines as reported above. British Ambassador added that, although he had not given Yafi any comfort aside from saying he would report to his government, he personally felt, and had recommended to London, that serious considerations should be given to encouraging IPC to renew negotiations since he felt that continuance of present situation was intolerable and that, aside from IPC itself, British interests generally were being adversely affected. He mentioned thought which had been given to finding some new and logical basis for pipeline payments and said he felt the road to solution was in that direction. Also he definitely felt that the present government would be more amenable to reasonable dealing than any other which might be expected to replace it. The French Ambassador expressed himself in almost identical terms except for making the point that, in his opinion, an unhealthy situation was developing between the oil rich countries of the Near East and their proletarian and oil-less neighbors; there should be some degree of sharing in oil profits.

I shall submit my comments on foregoing in a following message.[3]

HARE

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[3] Telegram 542 from Beirut, Document 324.

No. 320

880.2553/12-1853

Agreed Minutes of the First Session of the United States-French Talks on Middle East Oil[1]

SECRET [WASHINGTON, December 18, 1953.]

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[1] Circular airgram 3431, Dec. 31, transmitted copies of the minutes of each of the four sessions held by the United States and French Delegations on Dec. 18 and 21, to the American Embassies and Legations in Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Dhahran, Jidda, Kuwait, London, Paris, and Tehran. The airgram informed them that the enclosed notes had been prepared and agreed to by the two

Continued

Present:

French	*Department*
M. Clauzel	NE—Mr. Hart
M. Maillard	NE—Mr. Gay
M. Blancard	OMP—Mr. Armstrong
M. Benard	PED—Mr. Eakens
M. Carraud	L/E—Mr. Czyzak
M. Queuille	NE—Mr. Fritzlan
	WE—Mr. Beigel
	L/E—Mr. Maurer
	PED—Mr. Miller

First Meeting, December 18, 1953, 10:00 a.m.

Mr. Hart opened the discussion by welcoming the French delegation and extending the greetings of Secretary Byroade and his deputy Mr. Jernegan. He then gave M. Clauzel an opportunity to make some opening comments.

M. Clauzel replied he welcomed the chance to hold these discussions, noting that he understood they were to be open and informal. He then outlined the Middle East oil policy problems of particular concern to France. He stressed the importance of Middle East oil to the French economy and the vital interest that the French have in future developments concerning that oil. M. Clauzel recalled that up to now the oil companies have taken the leading roles in negotiations with the producing countries. He believed that the oil companies have been at a considerable disadvantage in not being able to cooperate with each other and to exchange information whereas the Arab countries are cooperating more closely on oil matters. M. Clauzel continued by emphasizing that the negotiations of any company operating in the Middle East have a direct bearing on the interests of all the other companies in that area. He mentioned to illustrate this point the effect that Aramco's 50-50 concession with Saudi Arabia had on both the IPC in Iraq and the AIOC in Iran. M. Clauzel concluded by stressing again the great importance to both France and Western Europe of having sufficient supplies of Middle Eastern oil at a reasonable price.

M. Clauzel then listed the following items that he believed might profitably be discussed during the meetings:

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delegations, and advised that, since the discussions were completely informal in character and no official agreements had been reached, it was considered desirable that no publicity be given to the fact that the discussions had taken place. (880.2553/12-3153)

1. The possibility of the Middle East oil companies collaborating more closely concerning their negotiations with the ruling countries.
2. Problems that will be faced with the reappearance of Iranian oil on the markets.
3. The effects that Soviet Bloc oil might have if it is sold in Western Europe.
4. The possible future trends of oil prices.

To give the general background of the problems, M. Blancard outlined briefly the importance of oil supplies to the French economy. France and North Africa are currently consuming oil at the rate of 15,000,000 tons per year, almost all of which comes from the Middle East. Consumption of oil in France is now almost three times that of 1938. M. Blancard estimated that it will increase at the rate of 7 or 8 per cent a year and will double by 1962. He concluded that because of this rapidly increasing consumption and a weak foreign currency balance, France has a need for large supplies of cheap oil.

M. Blancard continued by noting that France now imports 23 million tons of crude annually, 93 per cent of which comes from the Middle East. Of this total, 17 million is for domestic use, from which 15 million tons of products are derived. The remaining 6 million tons are refined for re-export. The crude comes mainly from Iraq, Kuwait and Saudi Arabia. Iraq supplies about one-half of France's crude consumption, or between 8 and 9 million tons a year. Kuwait supplies 5 million tons and Saudi Arabia 2 million tons a year. Of the amount imported, about 4 million tons a year are supplied by American companies.

M. Blancard then explained that the net expense in foreign currencies for petroleum imports is $170,000,000. Of this total net expense, $60,000,000 is in dollars and $110,000,000 in pounds sterling. He stated, however, that currently sterling oil costs less in foreign currency. This is true in spite of the fact that France pays for only 60 per cent of its dollar oil in dollars, while it has to pay for all of its sterling oil in pounds. M. Blancard explained that payments for exports, freight costs and refinery costs have to be taken into account in arriving at a net cost figure. Since the shutdown of Abadan, a large amount of sterling oil has been refined in France and the products exported. M. Blancard, however, did not think that this situation can be expected to continue. As for transportation costs which are a large factor in the cost of oil supplies, M. Blancard explained 80 per cent of the freight for sterling crude is payable in francs, while only 60 per cent of the freight of American crude is payable in francs.

M. Blancard then traced the recent price levels in the Middle East to show that the prices have a tendency to continually rise. He stated that at the end of World War II the price of 36° API crude oil in the Middle East was $1.00 a barrel. Prices then rose until by 1948 they reached $2.20 a barrel. The ECA, however, forced the level down to $1.75 a barrel. M. Blancard said that as he had expected the price to drop still further, he was very surprised when the prices rose again last July. This rise occurred shortly after the American oil companies raised the price 25 cents a barrel in the United States. M. Blancard believed that increasing prices of oil were due to the fact that the Arab oil countries by cooperating had an advantage in negotiating with the oil companies.

M. Blancard noted that the American oil companies stated they were unable to meet with the other companies to reach agreement on their negotiating positions because of the Sherman Act. Therefore, he noted the Sherman Act, which is supposed to lead to lower competitive prices, actually in this case leads to higher prices. He stated this fact could have serious consequences for France.

M. Clauzel requested at this point that the Department give its views towards the Sherman Act as it affects the American oil companies' ability to meet and discuss common problems with other companies. He noted that American companies were now meeting in London to discuss Iranian oil and wondered how this was possible under the Act.

Mr. Armstrong replied to the latter point by stating that AIOC had invited the companies to London to talk about possible arrangements for marketing Iranian oil. The Department of Justice advised them, at their request, that there was no objection to their accepting an invitation from the AIOC to have preliminary informal discussions regarding the Iranian oil problem, provided that Mr. Herbert Hoover, Jr., Consultant to the Secretary of State, would be present at the discussions. Mr. Armstrong referred also to the provisions of the Defense Productivity Act (Sec. 708) relating to exemptions of voluntary agreements and programs from antitrust laws, but he added that such exemptions would require the approval of the President and would be only temporary expiring with the Act.

As to the general question of the ability of American companies to consult and make agreements with other companies, Mr. Armstrong stated that it was his understanding that the American companies can and do exchange information and views. However, they must depend on their own judgment as to how far they can go. The Government won't advise the companies in advance maintaining that it is up to the courts to decide whether or not an arrangement is in violation of the Act or not. However, the companies have numerous court judgments as precedents on which to base their decisions. Mr. Czyzak confirmed Mr. Armstrong's explanation as to the American companies' position under the Sherman Act. Mr. Armstrong added that he believed that the companies have usually kept each other reasonably well informed concerning Middle East developments.

M. Blanchard replied that many times information is received too late. He gave as an example Aramco's offer to the Saudi Government to drop the 32 cents per barrel discount to 4 cent per barrel. Three weeks later (November 21) Iraq made the same demand on the IPC.

Mr. Armstrong stated that it is the Department's view that because of the Venezuelan 50-50 agreement, it is only a question of time before the same type of arrangements will take effect in the Middle East. Currently there does not exist a true 50-50 sharing in the Middle East since the arrangement is now based on a discounted price for the crude instead of market prices.

M. Clauzel made several comments concerning the Aramco-Saudi negotiations. He noted that there are two points to be negotiated: the price on which the 50-50 agreement is to be based, and whether the new arrangement is to be retroactive to 1950. He remarked that the French much preferred the royalty payments to the 50-50 type agreement, but now believe there is no alternative to the 50-50 principle. M. Clauzel did not believe that Aramco's offer to reduce the discount from 32 cents per barrel to 2 per cent or 4 cents per barrel would represent a "true 50-50" but more nearly a 55-45 arrangement. He observed that France is opposed to the retroactive feature on the grounds that it would prejudice the principle of the stability of agreements.

Mr. Blancard explained the French position in more detail. He first noted that there is now no alternative to the 50-50 principle. However, he pointed out that under it there will be a tendency for prices to rise but strong resistance to any necessary reductions. This is due to rulers of the oil producing countries opposing any reductions in the price of crude. For example, he stated, the Iraq Government protested the 10 cents per barrel reduction put in effect last March. M. Blancard observed that there may have to be a decrease in the price of Middle East oil if Iranian oil and Russian oil enter the markets.

Mr. Blancard stated that he believed valid reasons existed for basing the 50-50 sharing of profits on discounted prices rather than on the posted prices. While admitting that the 32 cents a barrel discount was too high he considered that a discount of at least 10 cents per barrel could be justified.

No. 321

880.2553/12-1853

Agreed Minutes of the Second Session of the United States-French Talks on Middle East Oil

SECRET [WASHINGTON, December 18, 1953.]

Present:

French
M. Clauzel
M. Maillard
M. Blancard
M. Benard
M. Carraud
M. Queuille

Department
NE—Mr. Hart
NE—Mr. Gay
OMP—Mr. Armstrong
PED—Mr. Eakens
L/E—Mr. Czyzak
NE—Mr. Fritzlan
PED—Mr. Miller

Second Meeting, December 18, 1953, 3:00 p. m.

The discussions resumed with M. Blancard continuing his justification of the necessity of basing the 50-50 arrangements on a discounted price. He noted that the companies producing oil in the Middle East must continually find new markets for their greatly increased production. This is a difficult problem for those companies without large established markets able to absorb the increases. It is absolutely necessary for these companies to give discounts to dispose of their large surpluses of oil. M. Blancard illustrated this point by citing the discount that Gulf allows Shell under their long-term contract and also the similar discount allowed by AIOC to Petrofina Belge. M. Blancard concluded that CFP is thus justified in receiving a discount from IPC for the crude it markets in France. Also CFP must offer a discount to move its surplus crude onto other markets. For such crude, a profit sharing arrangement based on posted prices would not be a true 50-50 arrangement as the net return accruing to CFP is not the posted price but the discounted price.

Mr. Eakens replied by stating that the Department did not advise Aramco on the matter of reducing the current discount, but it would now seem impossible for Aramco to withdraw its offer to reduce the discount to 2 per cent. In any event, Mr. Eakens continued, there seem to be some arguments for basing the 50-50 arrangements on the posted prices. The posted price is a public figure that is not dependent on accounting procedures for its computation. This would tend to make its acceptance easier for all parties. Probably actual sales prices which are used in Venezuela would be a better base but if large amounts of oil are sold in the Middle East under the posted price, the posted price would tend to drop.

Mr. Eakens stated that he believed a distinction should be drawn between the discount taken by IPC and that taken by Aramco. The IPC negotiated its discount with the Iraq Government and the Government was therefore explicitly aware of its existence. However, this was not true in the Saudi-Aramco agreement. Here the agreement was made on the basis of Aramco's selling price with the discount not specifically negotiated.

M. Blancard replied that the posted price is a retail price or the price at which spot sales and single cargoes are sold; that large amounts of oil sold under long-term contracts almost inevitably are priced below the posted price.

M. Blancard then turned the discussion to the retroactive feature of Saudi Arabia's demands. He reiterated the French position that acceptance of this demand would be an unfortunate breach of the principle of stability of contracts. He observed that acceptance would also carry the implication that the companies had not dealt fairly with the countries in the past. This would be especially unfortunate for IPC at this time since the company's relations with the Government have been very friendly and satisfactory. M. Blancard was apprehensive lest this implication would add force to the ever present demand for nationalization. Also, he stated, if the IPC was forced to make retroactive payments, CFP's share of the payment would approximate $25,000,000. M. Blancard expressed the opinion that a lump sum payment of this type would cause difficulties for CFP. M. Blancard continued by noting the oil companies operate under widely varying fiscal laws that might give each a different viewpoint towards retroactive payments. The French laws are such that CFP could not receive credit against past taxes for retroactive payments. He concluded by posing two questions. Will Aramco accept the demand for retroactive payment? And, if so, what would be Aramco's status under U.S. fiscal laws?

In answer to the first question, Mr. Eakens stated that it is our understanding that Aramco will resist Saudi demands and negotiate the best settlement possible in the circumstances. Mr. Czyzak agreed to inquire as to the answer to the second question and report at a later meeting.[1]

M. Maillard at this point put forward the additional consideration that such large retroactive payments would tend to aggravate the unbalanced situation existing in the Middle East between the producing and non-producing countries. He cited the fact that of the $500 million a year payments to the Middle East countries,

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[1] See the record of the third session of these talks, *infra*.

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only $20 million went to the transit countries and the remaining $480 million went to the producing companies. M. Clauzel stated this would aggravate the already unbalanced conditions and tend to increase the difficulties being faced by both IPC and Tapline in their attempts to negotiate with the transit countries.

M. Clauzel began discussion of the transit problem by setting forth the French views. He noted that under the terms of the Barcelona Convention the use of a country's territory for the transit of goods should be free, except for small service charges. Thus, the 50-50 principle should not apply to transit payments. He stated that the negotiations of one company will have important effects on the position of the other company and expressed concern lest either weaken. M. Clauzel concluded that to abridge the principle of free transit would create a dangerous precedent which might have serious effects elsewhere in the world. He cited the possibility that the Egyptian Government might in the future seek to levy substantial tolls on the traffic through the Suez Canal should such a precedent be created by the pipe line companies.

Mr. Armstrong stated that there is good reason to pay for the movement of oil through pipe lines on the same basis as freight is ordinarily paid, that is on tonnage and mileage. He reported that in discussions with representatives of both Tapline and the American members of IPC, efforts had been made to encourage them to give careful thought as to where their negotiations were leading. From all indications, Mr. Armstrong reported, neither Tapline nor IPC is considering making concessions.

Mr. Eakens mentioned that there was a precedent in the U.S. which should be given consideration. There is a pipe line running from Portland to Montreal through which Venezuelan oil is run. The U.S. treats the portion lying within its borders the same as any other corporation and taxes its profits at the current 52 per cent rate. One possibility would be to separate the producing and pipe line operations in the Middle East and then to have profits accruing to the pipe lines taxed in each country at the tax rates applicable to all other companies. The danger in such a course is that taxes which on the face were non-discriminatory but which in fact were discriminatory might be levied against the companies.

In answer to a question by M. Maillard, Mr. Eakens replied that the companies do not thus far seem to have adhered to any principle in their transit negotiations. Payments currently being made consist of loading fees, transit fees and security payments. They also include a lump sum payment to each transit country because it is not taking the 200,000 tons of oil annually which it is entitled to purchase at world prices. The companies seem to be divided between whether to offer to pay a fee based on the ton-mile principle or whether to negotiate a lump sum payment for the right of transit.

Mr. Hart inquired whether the French had done any thinking on what position the companies should take if their refusals to renegotiate are fruitless.

M. Blancard answered that they were strongly opposed to any type of profit-sharing arrangement. If it is necessary to increase the payments to the transit countries, then it should be done using the current system of payments and merely increasing the amounts.

Mr. Eakens concluded the discussions for the afternoon with the observation that the IPC by basing their 50-50 agreement with Iraq on the border price of $1.84 per barrel may have set a difficult precedent. Sharing the profits on the basis of the border price in effect means that the company is now sharing with Iraq that part of the profits resulting from the transportation of Iraq oil from the oil fields to the border, which is a substantial part of the distance to the loading ports.

No. 322

880.2553/12-2153

Agreed Minutes of the Third Session of the United States-French Talks on Middle East Oil

SECRET [WASHINGTON, December 21, 1953.]

Present:

French	*Department*
M. Clauzel	NE—Mr. Hart
M. Maillard	NE—Mr. Gay
M. Blancard	OMP—Mr. Armstrong
M. Benard	PED—Mr. Eakens
M. Carraud	L/E—Mr. Czyzak
M. Queuille	NE—Mr. Fritzlan
	PED—Mr. Miller

Third Meeting, December 21, 1953, 10:00 a. m.

Mr. Czyzak began the meeting by reporting that under the U.S. income tax laws a taxpayer may amend his returns covering the past three years. Thus, if Aramco agrees to make retroactive payments to Saudi Arabia, it may amend its returns for the past three years to take account of the adjustments made to the Saudi Government. Whether or not the claims would be allowed, would be for the Bureau of Internal Revenue or the courts to decide.

Mr. Eakens then resumed discussion of the transit problem by making the following observations. The Department has as yet an open mind on a solution to the transit problem but believes it important eventually to arrive at a sound and defensible basis of payments. Mr. Eakens questioned whether the pipe line transit problem can be considered merely that of moving a commodity in transit across the countries involved. The pipe line companies in fact are operating businesses with a large capital investment within the transit countries and would seem to be fairly comparable to the position of railroads except that they are performing the service of transportation only for themselves. One possibility would be for the pipe line companies to be incorporated as separate entities which would negotiate with the governments as internal business enterprises rather than as shippers moving goods through their territory.

Mr. Armstrong recalled that in the past work had been done internationally on transit problems. However, he did not believe that heretofore pipe lines had been considered as a means of transit. Therefore, he stated, it might be necessary to examine the pipe line problem as it relates to other transit problems. He noted in regard to the suggestion that pipe lines be operated as internal business enterprises, that this would necessitate giving up the tax free arrangements, thus exposing the companies to the risk of discriminatory tax laws. Although, if such were the case, the U.S. would undoubtedly make representations.

Mr. Czyzak explained that discrimination is only considered to exist in situations where individuals or companies are penalized because of their nationality. If the tax laws were drafted to be applicable to all, but, in fact, only applied to pipe line companies, a problem would arise as to whether that could be proved to be discrimination.

M. Blancard, in reply to a question from Mr. Gay, agreed that it was unfortunate that the profit-sharing arrangement between IPC and Iraq was based on the border price of crude. He stated that the well head price would have been a more fortunate choice. However, M. Blancard did not believe that this need be taken as a precedent for the nonproducing countries. He held that the situations were quite different as between producing and transit countries. He agreed there was some justification for a 50–50 arrangement in a producing country, in that its irreplaceable natural resources are being depleted. However, he did not believe any justification existed for sharing profits with a transit country. M. Blancard again mentioned the danger that any profit sharing solution might be used as an unfortunate precedent by other countries that control strategic transit routes such as the Suez Canal. He concluded by adding that to admit the profit sharing principle as applicable to the pipe line problem would be to create another barrier to decreasing the price of oil in the Middle East.

Mr. Eakens replied that on the other hand there seem to be many advantages for a 50–50 arrangement. It would represent a principle on which companies could base their negotiating positions. Such an arrangement would also have an appeal to fairness and equity. It would allow the companies to point out that the transit countries are being accorded the same treatment as producing countries. And, finally, it would represent a strategic line for restricting demand by the countries for larger and larger payments.

Mr. Armstrong agreed that the present system of bargaining holds the seeds of trouble in that no principles are being utilized by either the companies or the countries. There is now no logical way of arguing that one solution is more just than another. This would seem to allow the countries to continue to raise their demands in the future without restriction.

Mr. Hart, however, cautioned that it is misleading to apply Western principles of fairness, equality and logic to the situation that now applies in the Middle East. The companies face in that area demands arising out of internal social and political pressures and it is very doubtful whether abiding by formulas in negotiations can defeat these demands for petroleum products. He questioned whether a solution might not be to make available supplies of cheap products in those areas.

Mr. Armstrong maintained that if the companies decided to utilize the profit sharing principle as a basis for negotiating their transit problem, they would not necessarily have to apply it immediately. The companies could continue negotiating for minimum payments, having the 50–50 principle in mind as a limit. If this limit should be reached, then the principle could be used as a basis for refusing to go further.

Mr. Hart disclosed that some consideration has been given to the possibility that the pipe line companies incorporate as separate entities and then make available blocs of stock to the public in the transit countries. This might create some internal pressure to help in limiting the governments' demands.

M. Blancard believed, however, that this possibility could cause considerable difficulties and could even become dangerous. He pointed out that as the investments in pipe lines are huge, the public could only afford a negligible share of ownership. Also such difficult questions would be raised as the price per share to be charged and whether or not the shares would be voting shares. Finally, it might be very difficult to refuse to permit the local government, if it should desire to do so, to obtain some of the outstanding shares.

No. 323

880.2553/12-2153

Agreed Minutes of the Fourth Session of the United States-French Talks on Middle East Oil

SECRET [WASHINGTON, December 21, 1953.]

Present:

French	*Department*
M. Clauzel	NE—Mr. Hart
M. Maillard	NE—Mr. Gay
M. Blancard	OMP—Mr. Armstrong
M. Benard	PED—Mr. Eakens
M. Carraud	L/E—Mr. Czyzak
M. Queuille	NE—Mr. Fritzlan
	PED—Mr. Miller

Fourth Meeting, December 21, 1953, 3:00 p. m.

This final meeting began with a discussion by the group of the Iranian oil problem focusing attention primarily on the possible impact of its return to the world markets.

M. Clauzel outlined the French attitude concerning this problem. He noted that the most desirable solution would be for AIOC and the Government of Iran to negotiate a settlement between themselves. This would serve to uphold the important principle of the sanctity of contracts. M. Clauzel observed that the orderly return of Iranian oil to the world markets might require international cooperation. If a consortium should prove necessary then CFP believes it should be represented.

M. Blancard mentioned a few additional points of concern to France. He expressed the hope that any new solution proposed would not adversely affect existing concessions in neighboring countries. He noted that any additional advantages accruing to Iran under the settlement are sure to be requested by the neighboring countries. With respect to the marketing of Iranian oil, M. Blancard stated that the ideal solution would be for the oil to return to the world markets at a pace that would allow the increased production to be absorbed by the steadily increasing world consumption. However, if cutbacks in production in other countries should prove necessary, then they should preferably be applied world-wide rather than just in the Middle East. He noted that the cutbacks would be negligible on a world basis, but could be troublesome if confined to the Middle East.

Mr. Armstrong stated that the U.S. is interested in a prompt solution to the Iranian oil problem primarily because of strategic considerations. He observed that the current government in Iran is better in our view than any other that might replace it, but we cannot expect it to remain in power unless it manages to export some of its oil. Mr. Armstrong, however, recognized the British reluctance to agree to any arrangements without receiving just compensation for their properties. He agreed with the French that a solution should not endanger neighboring concessions. He also agreed that it would be preferable for the Iranians and the British to reach agreement themselves.

Mr. Armstrong continued by reporting that he had no information as to the specific compensation and marketing proposals being considered in London. He believed that a combination of increased world demand and cutbacks in the production of other Middle East countries would probably be necessary to allow Iran to resume exporting its oil. Mr. Armstrong concluded by noting that the domestic import problem will have to be taken into account by the U.S. Government in considering any solution. The domestic producers are gravely concerned over any international arrangements that might possibly lead to increased imports.

The group then agreed to turn the discussion to the problem of the appearance of Soviet oil on the world markets. M. Clauzel stated that for the first time since World War II, France has received offers of Soviet oil. Recently France was offered 400,000 tons of crude under the Franco-Russian Trade Agreement. Finland offered to resell to France 1,000,000 tons of Russian oil. Similar offers have been received from Israel and Austria. In addition, that Argentina, Uruguay, Italy and India also have been offered oil from the Soviet Bloc. M. Clauzel concluded that these Soviet attempts to increase exports could represent an effort to release a temporary surplus, an effort to gain long-term foreign markets, or an effort to disrupt the oil markets of the free world. If they represented either of the latter considerations, they would be of concern to the West and should be carefully watched.

Mr. Eakens noted Russia is committed to export about 3,000,000 tons of oil in 1953 as compared to 500,000 tons in 1952. He added that it was doubtful if Russia could fulfill all of its commitments for the year. Even so, their exports of only 60,000 barrels daily are very small as compared to the world consumption of 13,000,000 barrels daily.

Mr. Armstrong observed that up to now the Russians have generally attempted to obtain as much for their exports as possible and have avoided upsetting outside markets. He concluded that a danger signal to watch for would be Russian offers at a level under the current market prices.

In discussing the petroleum price situation, M. Clauzel noted that recent price behavior did not appear normal. At a time when large offerings of oil are on the world markets, prices should show a tendency to decrease. However, contrary to the laws of supply and demand prices have recently increased. M. Clauzel believed this tendency stemmed from the demands of the local rulers and the lack of solidarity on the part of the companies.

M. Blancard reiterated Western Europe's need for lower and more stable prices for oil. He pointed out that oil ranks with wool and cotton as the principal commodities requiring payment in dollars or sterling. He stated that he firmly believed that it is in the best interests of all concerned that the future consumption of petroleum products should not be retarded by too high a price level.

Mr. Eakens agreed that low oil prices were desirable in Western Europe. He stated that the recent increases in petroleum prices in the Middle East prevented those prices from becoming out of line with the prices prevailing in Venezuela and the U.S. Mr. Eakens added that the domestic producers justified their increases on the grounds that there had been no increase since 1948, while the costs of producing oil had risen markedly since that time. The domestic producers also claimed that increased prices were necessary to assure continued exploration and development in the U.S.

Mr. Hart began the group's discussion of existing government attitudes towards guiding or interfering in oil companies' negotiations with the ruling governments. He noted that Aramco has, from the beginning of its operations in 1933, dealt with the Saudi Arabian Government on its problems. During this time, the U.S. Government has not found it necessary to intervene on behalf of Aramco, although there have been frequent discussions between Aramco and the U.S. Government concerning those cases where U.S. interests are involved. Mr. Hart concluded by stating that he believed this has proved to be a particularly healthy situation.

M. Clauzel commented briefly on the French attitude as follows. He agreed that the companies should be given as much latitude as possible in their negotiations with the local governments. However, he noted that the companies, in view of their specific responsibilities, are mainly guided in their negotiations by mercantile considerations. Yet negotiations between the local governments and the oil companies usually involve problems that transcend purely mercantile interests and should not properly be left entirely up to the companies. M. Clauzel suggested that current problems should be discussed on a governmental level from time to time. The individual governments concerned could then make their viewpoints known to the companies, who in turn would negotiate within the framework of their governments over-all objectives. M. Clauzel then questioned whether the U.S. would agree to meet with England, France and Holland to discuss current petroleum problems.

Mr. Hart noted that such a meeting would have the danger of appearing to the Middle Eastern countries as though we were ganging up against them. Mr. Armstrong recalled the strong domestic reaction to the Anglo-American oil agreement and questioned whether the domestic reaction to a quadripartite meeting might not be so severe as to defeat its objectives.

M. Clauzel observed that the group agreed that such a meeting would be valuable, but that any publicity could be harmful. He therefore proposed that the meetings be confined to the usual diplomatic channels in an endeavor to avoid publicity.

Mr. Hart replied that we would have to defer an answer as to our position concerning the proposed quadripartite discussions. He then stated that Mr. Eakens had agreed to draft a paper setting forth the ideas expressed by the members of both delegations on each of the problems discussed. It was agreed by the group that the contents of these papers would not necessarily represent the official positions of the respective governments.

The group agreed to meet at 11:00 a. m. the following morning to discuss the draft papers.

No. 324

883A.2553/12-2253: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

CONFIDENTIAL BEIRUT, December 22, 1953.

542. Following are Embassy's comments on request of Prime Minister Yafi that USG urge American participants in IPC to accept renegotiation (Embtel 531, December 18): [2]

(1) Although there may be a certain degree of sincerity in request of Yafi and in agitation by others, primary motivation believed to be desire to exploit issue for local political or personal reasons. For example, in case of Prime Minister Yafi, it is former; in case of former Prime Minister Salaam, it is latter.

(2) Along with foregoing, there is no gainsaying fact that Lebanese, despite their inherent business sense, have allowed them-

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[1] This telegram was sent by pouch.

[2] Document 319.

selves to succumb to fallacious doctrine that the world, especially as epitomized in oil companies, owes them a living regardless of their own efforts at self-help or of value received by the companies.

(3) However, Embassy feels, as apparently do British and French Ambassadors, that present system of payments is defective in sense that it has no definable base of computation and is therefore difficult to defend irrespective of amount of revenue provided. Embassy understands that IPC management and participating companies also tend share this view and it is recalled that detailed studies of subject were submitted by former Petroleum Attaché here.

(4) Embassy also is inclined agree with British Ambassador that present government would probably be as amenable to reason as any which might be expected to replace it but it seems doubtful if, in view weakness of present regime, it could be expected to survive a normal period of negotiation.

(5) Foregoing leads to conclusion that, although present approach is partly a tactical move by present government in attempt to improve its tottering position, and although there is obvious fallacy in effort to relate increased oil revenue with alleged plans for raising living standard, basic situation is not satisfactory and should be reviewed in due course. Question is how to do so without giving impression of yielding to improper pressure. Answer must rest with IPC where British interest predominant, but believe we should at least tell American participants of approach by Prime Minister and how situation looks to us. Wish emphasize, however, that Embassy would not recommend opening negotiations at present time which would merely result in increased payments without a change of computing procedure. To do so would merely be interpreted as evidence of weakness and would set the stage for repeat performances. Possible compromise might be to insist on ratification of 1952 agreement as interim measure on understanding that negotiations for revised procedure would be undertaken and actively pursued. This could have advantage of saving face of both sides while assuring GOL of increased revenues, including back payments, until negotiations (which would probably be protracted) completed.

(6) Bearing of foregoing on Tapline is of course obvious and Embassy assumes Tapline interests would be fully considered in connection with any discussions with American participants in IPC.

HARE

No. 325

880.2553/1-1354

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Consultant to the Secretary of State (Hoover) [1]

TOP SECRET [WASHINGTON,] January 13, 1954.

Replies have come in from five of the eight posts addressed. [2] Several reactions run consistently throughout these replies. In general there is doubt and skepticism in respect of the specific proposal. All recognize the needs and dangers in the present situation but tend to feel that a formal treaty is not, at least at this time, the best way to meet these needs and dangers. There is a fear it is too rigid and might bring more politics into petroleum matters.

There appears in several of the replies a preference for some kind of an international petroleum forum or council for advisory and study purposes which might evolve into a more formal relationship. The details vary but all picture something informal, free of any coercive arrangements, something along the lines of the Rubber Study Group.

The idea that the Arab countries are ganging up against the oil companies and the Western Governments tends to be discounted. There is, in fact, frequent recognition of the continuing lack of identical interests among the producing countries and the consequent possible advantage in pursuing our objectives on a country-by-country basis. It is admitted that conditions may get worse but feared that formal injection of Western Governments into the picture might hasten undesirable trends.

There follows a brief synopsis of the several replies that have come in:

1. Mr. Penfield—London [3]

Mr. Penfield and his associates consider any formal treaty premature—too much tension in Middle East for present launching of such an undertaking. Instead he sets forth the advantages of some kind of petroleum council along the lines of the Rubber Study Group which would publish statistical bulletins and various studies. Such an international forum would stimulate attention on common problems such as consumers trends, prices, transportation, etc. He thinks this would meet two of Mr. Beeley's three points and that London would view it with sympathy. He is not worried that a council of this type would stimulate "ganging up" on the part of Arab Governments.

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[1] Drafted by Gay.

[2] This reference is to the NEA Staff Study on an International Treaty in Respect to Middle East Oil Disputes, transmitted on Oct. 21 to the Embassies in Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, London, and Tehran. See Document 315.

[3] Letter from Penfield to Jernegan, Nov. 16, not printed. (880.2553/11-1653)

2. Mr. Moose—Damascus [4]

Ambassador Moose doubts if the proposed treaty is the best means of achieving U.S. objectives since the Near Eastern countries resist efforts to organize them; it is more difficult to deal with them collectively than individually. He feels that bringing in the transit states would not provide a helpful influence on producing states. He thinks government-to-government action tailored to each government is the best means towards fending off any trend toward nationalization. He sees need for more consultation all along the line but thinks that a treaty would add too much rigidity and formality. He recognizes, however, that our antitrust legislation limits less formal methods of consultation. He does not place great importance on the Petroleum Committee of the Arab League pointing out that much of the "ganging up" is done by newspapers and certain other elements which a treaty would not touch. Mr. Moose does not think Syria would be a party to any multilateral treaty.

3. Mr. Caffery—Cairo [5]

Ambassador Caffery does not think the Arab States would buy the treaty in the form proposed but only if it were set up in a way that would enable them to manipulate to their own advantage. Like Ambassador Moose he does not see the Petroleum Council as a great menace. He emphasizes the difficulties the Arab States have in achieving coordination. Egypt might like the treaty idea if it could be top dog or if it felt the treaty would enhance its relative position among petroleum states.

4. Mr. Berry—Baghdad [6]

Mr. Berry thinks IPC's relations with the Iraqi Government are as good as they have ever been; they have enjoyed a two-year honeymoon. The current pricing problem has been held to the technical level. He fears the proposed treaty would project oil into the political picture with potentially grave dangers. He notes that the Middle Eastern leaders have tended to shun partnerships with the West and that efforts toward cooperation have been singularly unsuccessful. He suggests as a possible alternative proposal some kind of an advisory group to study problems and make recommendations—a sort of international oil conference, meeting at a neutral place and having broad membership. He conceives of it as a technical forum with a limited advisory role which might reduce friction and help well intentioned governments resist undesirable local pressures. Such a scheme could evolve into a more binding arrangement.

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[4] Letter from Moose to Jernegan, Nov. 13, not printed. (880.2553/11–1353)

[5] Letter from Caffery to Jernegan, Nov. 2, not printed. (880.2553/11–253)

[6] Letter from Berry to Jernegan, Nov. 4, not printed. (880.2553/11–453)

5. Mr. Henderson—Tehran [7]

Ambassador Henderson sees problems in the proposed treaty yet conceives it possible that some kind of a form for advisory purposes might be useful. The treaty, he thinks, would increase the likelihood of Arab Governments consorting against the governments representing concession interests and thinks emotional and political factors would come more into the picture. The treaty would tend to align the United States back of the companies of other Western powers. If the proposal served an educational purpose, he is afraid the increased knowledge would be used against us. He recognizes the weaknesses in the present situation and the limiting nature of our antitrust legislation, but feels that the companies are in a fairly strong marketing position and that the Iranian nationalization episode may provide a lesson to other governments. The Arab Governments may eventually come together, yet their interests are not identical; they would tend to be coy in respect to an international treaty and suspicious of foreign governments injecting themselves into oil disputes. He surmises that Iran in the present state of affairs would not likely be able to participate. He suggests the safest long-range method of meeting the inevitable and formidable ganging together of the oil producing countries to be in the direction of probing other areas for new sources of petroleum thus making the United States and Europe less dependent on the Arab region. [8]

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[7] Letter from Henderson to Jernegan, Nov. 12, not printed. (880.2553/11-1253)

[8] In a memorandum to Byroade, dated Jan. 19, not printed, Hoover agreed with Byroade's analysis of the problem. Hoover's reply stated that a situation existed which made the operations of American oil companies difficult in the Middle East, but he did not believe an International Petroleum Treaty as proposed in the Staff Study was the practical answer to the problem, and he agreed with the arguments against it. (880.2553/1-1954)

No. 326

Editorial Note

On December 18, 1953, attorneys from Socony-Vacuum Oil Company, Standard Oil Company of California, and The Texas Company met with Stanley Barnes, Assistant Attorney General, and Leonard J. Emmerglick, the prosecuting attorney for the Department of Justice in the case of *The United States v. Standard Oil Co. (New Jersey) et al.* The oil company representatives urged the Department of Justice to reappraise the suit because information in the possession of the companies caused them to believe that the national security, to the extent that it depended on Middle East oil, was being harmed by the suit.

In a letter to the General Counsel of The Texas Company, dated December 24, not printed, Barnes informed him that "it is our conclusion that we [the Department of Justice] must look to official governmental sources for information, and more particularly, evaluation of developments bearing upon a proper weighing of the relationship between anti-trust litigation and the national security . . . if any of the companies is in possession of information which it believes is not known to our Government and which has national security significance, we must assume it will come to us through the responsible governmental agencies, such as the State Department and the Central Intelligence Agency, to which it should be made available." (880.2553/4–554)

On January 5, 1954, representatives of Socony-Vacuum, Standard Oil of California, and The Texas Company wrote to the Secretary of State and requested an opportunity to present information in their possession which had national security significance. They advised that they were sending a similar letter to the Director of Central Intelligence. (880.2553/4–554) In a letter dated January 20, not printed, the Under Secretary of State informed the General Counsel of Socony-Vacuum that he would be happy to meet with representatives of the three companies on January 23 to discuss the information mentioned in the letter. (880.2553/4–554)

The only record of the January 23 meeting found in Department of State files is a 57-page (presumably verbatim) transcript. The first 43 pages of the document consist of a report given by James R. Withrow, a partner in the firm of Donovan, Leisure, Newton, and Irvine, attorneys for Socony-Vacuum. His report concerned a survey he had made on a trip to the Middle East with King and George W. Ray, General Counsel, Aramco, neither of whom was present at the meeting. Only some extracts of Withrow's Report are printed in the transcript of the January 23 meeting, *infra*. The last 14 pages of the document cover the question-and-answer period following Withrow's report, and that part of the transcript is printed in full. A complete copy of the transcript is in Department of State file 880.2553.

No. 327

880.2553/1-2354

Transcript of Meeting With Oil Company Representatives, at the Department of State, January 23, 1954 [1]

[Extracts]

CONFIDENTIAL

REPORT BY OIL COMPANIES ON EFFECT OF ANTI-TRUST SUIT IN THE MIDDLE EAST

Participants:

Department of State:
- Acting Secretary Walter Bedell Smith
- Deputy Under Secretary Robert Murphy, G
- Assistant Secretary Henry A. Byroade, NEA
- Deputy Assistant Secretary Thorsten V. Kalijarvi, E
- Mr. Willis C. Armstrong, E
- Mr. W. Clyde Dunn, DRN
- Mr. Robert H. S. Eakens, PED
- Mr. A. David Fritzlan, NE
- Mr. Fred L. Hadsel, NEA
- Mr. Parker T. Hart, NE
- Mr. Stanley D. Metzger, L/E
- Mr. John H. Stutesman, Jr., GTI
- Mr. Philip H. Trezise, OIR/OD
- Mr. Frazer Wilkins, S/P

Central Intelligence Agency:
- Lt. General C. P. Cabell, Deputy Director (with four advisers)

Department of Defense:
- Mr. Thomas Gates, Under Secretary of the Navy
- Comdr. C. E. Cragg, ONI
- Lt. Comdr. Frank Goodspeed, OSD
- Col. G. H. Montgomery, Petroleum Logistics Division
- Col. R. E. O'Brien, G-2
- Mr. John A. Power, A-2
- Comdr. J. G. Thorburn, ONI
- Mr. Baxter Wood, G-2

Donovan, Leisure, Newton and Irvine, Attorneys for Socony Vacuum Oil Company:
- Mr. George S. Leisure
- Mr. James R. Withrow
- Mr. George Birrell

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[1] A notation after the list of participants stated that the transcript was reported by Violet Ruth Voce and Edna C. Moyer, Department of State, Division of Central Services.

BEST COPY AVAILABLE

Cahill, Gordon, Zachry and Reindel, Attorneys for Standard Oil Company:

Mr. James A. Fowler
Mr. William M. Sayre

Socony Vacuum Oil Company:

Mr. Austin T. Foster, General Counsel
Mr. W. L. King, Counsel

Texas Company:

Mr. Oscar John Dorwin, General Counsel
Mr. Leo T. Kissam, Counsel

Dorr, Hammond, Hand and Dawson:

Mr. Goldthwaite H. Dorr

[The meeting convened at 10:05 a. m.][2]

Assistant Secretary Byroade: We are here, I think, to listen and learn. I'd like to turn the meeting over to Mr. Foster. The show is yours.

Mr. Foster: Gentlemen, I'm going to apologize for a very bad voice and, because of that in part, I'm going to say very little except to introduce Mr. Withrow. You all know of the survey which we had made in the Middle East by Mr. Withrow and Mr. King with the assistance of Mr. Ray of Aramco.

Mr. Withrow is a lawyer. He is a partner in the firm of Donovan, Leisure, Newton and Irvine, and during World War II he was Chief of Mission in Indochina. So he made the survey not without background.

As I say, I'm not going to make any introduction. You know what we are talking about and what Mr. Withrow is here to explain to you, so I will ask Mr. Withrow to proceed.

Mr. Withrow: As Mr. Foster told you, I was one of two or three that made this survey in the Middle East. I went out there and tried to make this survey and reach my conclusions from the same point of view and with the same assessing of the people I talked to that I had employed when I was an officer in the service of the United States during the war and for a short period after the war.

Now, I'm here to present the facts as we found them on the very narrow issue of what would be the effect on the national interest of the United States if the civil case called the international oil cartel case would be revived in open court and with the attendant publicity that a case of that kind would have. This presentation is based on current information. We got back just before Christmas and we had been out there talking with people throughout the Middle

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[2] Brackets throughout the document appear in the source text.

East. The facts that we have are directed to the one narrow issue, as I say, of the effect of a revival of the case.

. . . .

We tried to check and recheck our information with officials, business men and other people, so that I think all told we actually have assessed the opinions of around 75 or 80 people by firsthand contact. I think not all of you are aware of the development of this international oil cartel case. Let me just run over it.

Back in August of 1952 a staff report of the Federal Trade Commission on international oil was published and Grand Jury proceedings were begun here in Washington. Decisions were reached first by President Truman and his Security Council and apparently later by President Eisenhower and his, which resulted in the bringing of a civil suit and the dropping of the Grand Jury proceedings. The next step was on the first of September in 1953 the defendants filed their answers in considerable detail, setting forth their defenses.

It wasn't until we worked on the answer and filed the answer that we began to realize, as lawyers, that the issues in the civil case were at least equally damaging to the oil companies in the Middle East and, as we studied it further, we began to realize that the rumors that had been coming back in the form of reports from the field that the civil case was very dangerous, that the prestige of the United States and of the oil companies had been affected by the initial criminal case and that a publication of the civil case would also be detrimental.

I think that when the matter was changed from criminal to civil that, as American lawyers, we had the normal reaction, well, that is an improvement. But I think later on, as I go on with our story, I can show you—as it finally dawned on us—that actually the civil case is a greater threat than the crinimal case ever was or could have been because it's in the civil case that you drag out in the open the fact of an American court reviewing acts taking place within the inside of these Arab states; where an Arab, by the mere fact of the daily publication of what goes on in the trial, would get to learn that their own sovereignty or their control over acts in their country was being litigated and questioned in an American court.

It's in the civil case and not in the criminal case where the court considers the matter of the price of crude oil at the well, the level of those prices; and of course the level of those prices, if they are too high, in the civil case, you would force them down. That affects the economy of the Arab states very, very directly. And it's in the civil case and not in the criminal case that the court and the prosecution and defense will be discussing in detail the terms of the concession agreement, whether the concession agreement is proper under our law, whether the agreements to take the crude oil as produced are proper under the law. All of those things actually become more important to the Arab states and are more apparent to them under the civil case than under a criminal case.

[At this point General Smith joined the meeting.]

. . . .

We came back, we offered the results of our survey to the Department of Justice and they referred us here and that is the reason we are here with this group.

Now, this survey did not purport to survey the tensions that exist in the Middle East. You people are more aware of them probably than we are. They certainly exist and everything that I say here, of course, must be taken in the background of those tensions that are there. We didn't go out to investigate the effect on the oil companies but rather the effects on the American community generally and on our national interest.

The conclusion, of course, is—or else I wouldn't be here—that it would have a very adverse effect, that any revival would be repeatedly exploited by the Communists directly or through the local nationalist movements in an effort to alienate the Middle East from America.

. . . .

They had great difficulty—or rather even I would say an impossibility—of understanding how the United States Government could attack one of its companies out there. They just couldn't believe that there wasn't some connection between Aramco and the United States. I think that stems, as a matter of fact, as I cross examined and talked with them, from the fact that they are used to British and French companies in that area. And, of course, with these ones, when they get in trouble you find the French Government or the British Government out there fighting the battle for the company.

But they also had another point. They said, "Look, we are important business people, we have a lot of money. But we never could have gotten an oil concession in Saudi Arabia. It must have been the American Government that got that concession for Aramco." And they said the same thing about the Pipeline concessions through Syria, Lebanon and Jordan. They said, "We, as substantial businessmen out here, would never be given that sort of right. It must be your government."

Now, the important answer to that is, I think twofold. One, it means it's absolutely impossible for them to understand why the United States Government is bringing a suit and, second, and perhaps more important, that any time they get distrust of an American business interest of the type I'm talking about that distrust also covers the United States. I mean the Arab is not a completely logical person, at least on this point, so that any time the oil companies are torn down it in effect is a tearing down of the United States' own position. They just identify them that closely together.

. . . .

I want to make it clear that I am distinguishing or trying to distinguish between the fact that these charges are used against the oil companies to get a bigger slice for the local country—I mean, that is true, they are used every day for that purpose, but what I am primarily talking about is the effect over and beyond the oil companies. Of course, when the effect on the oil companies is nationalization, I think you can see that that perhaps is an effect on the United States.

. . . .

We talked, of course, in Saudi Arabia to the Aramco people, and looked around for what other people we could talk to. We were advised both by some representatives of the Company and by everybody we talked to that it was completely unsafe to talk to any Saudi Arab about this, that it would only result in the very thing that we were examining into, namely a use of the existence of the case against the United States in some way. Of course the Aramco people expressed a very clearcut opinion on this. They are at the firing line. They feel the effects every day. They feel the distrust and hostilities of the Saudi Arabs. As a matter of fact, 1953 was sort of a special year to the people in Aramco. For a while after the Federal Trade Commission report was handed down, nothing was said in Arabia about the report. Things seemed to be going along very nicely, except for one remark in the fall of 1952 about finally Saudi Arabia had a secret weapon. Well, nothing was said about this secret weapon until May, 1953, and the secret weapon turned out to be a copy of the staff report in Arabic. This was the first time that the existence of the case had ever been mentioned in any of the governmental negotiations, and beginning in May of 1953, the oil officials have been berated with the use of this report on the occasion of absolutely every meeting between the Saudi Arab Government representatives and representatives of the Oil Company. The Saudi Arabs have made it quite clear on some occasions that they think that maybe Aramco has been repudiated by the United States. The new King, in some of his first remarks, said that "I will deal fairly with anybody that deals fairly with me, and if my present friends are false, I will find friends elsewhere." That in effect was the gist of his remarks. There are people who feel that the whole structure of Aramco is even now undermined, but that is not the general feeling. They pointed out that the Saudi Arabs do not yet understand that the real gist of what is going to go on will be an examination into the actions which take place in Saudi Arabia. Up until now the use of that report has been—well, the innuendoes and things in that staff report which indicate perhaps sharp dealing or price fixing or things of that kind, and not the type of thing which is going to be investigated into in the civil case, which is whether or not there should be joint ownership of production in Saudi Arabia, and what the arrangements should be for the off-take of oil.

. . . .

Frankly, when I went out on this trip I was skeptical about the results. I was skeptical that the effect would be as cataclysmic as some of the people had forecast in their letters back. I came back then, after what I think was a pretty thorough investigation, conducted with a willingness to have any thesis disproved and examination and reexamination and evaluation at every stage of the game. I might say—I *should* say that upon completing this, we, even in the field, threw up a part of this picture or all of it to the local American Ambassador for him to punch whatever holes or take whatever stand he wanted to. I feel a strong conviction myself that a revival of this case, with how it is going to be used out there, in the atmosphere that is there, would be very bad. I have a feeling that the result would be such a diminishing of U.S. influence and prestige that there would be a sort of vacuum in the Middle East, and I can't believe that a vacuum would exist there very long. I think Russia has indicated all too well its intentions and interests in the Middle East and would be only too glad to step in.

. . . .

Assistant Secretary Byroade: I would like to ask one question. If this case proceeds—I am not a very good lawyer, but presumably it will cover matters internal in these countries and also cover matters of marketing that would be outside the Middle East. Isn't that correct?

Mr. Withrow: That's right. I was addressing myself entirely to the case as it affects the Middle East. If that aspect of the case weren't there, why, I wouldn't be here.

Assistant Secretary Byroade: In other words, the difficulties here in court about marketing this oil somewhere else in the world aren't really so much of a factor in your mind as the internal settlement?

Mr. Withrow: That's right.

Mr. Dorr: It's the inherent situation in this case on the company as it now stands and on the position the Government would appear to them to take of the invasion of the sovereignty and of the interests of these countries.

Assistant Secretary Byroade: But as the case now stands, these two, the external-internal aspects, are all thrown together?

Mr. Dorr: They are thrown together and are pretty inextricable in the minds of the people out there. They would never understand any attempt to separate them. It is really, as I would say from the things Jim has been putting before you, the effect on the oil companies is very largely the repercussions on them of the attitudes toward the United States for these positions, which appear to invade the sovereignties and economic interests of these various countries.

Assistant Secretary Byroade: But you don't think the external and internal could be separated. Is that right?

Mr. Dorr: I don't know how. You certainly can't do it to a substantial extent, and I don't believe you could do it in the minds of these people out there.

Mr. Foster: I don't believe it could be in this lawsuit. Another lawsuit might be brought that would extend to another aspect of the business, but this suit involves the production and marketing in the Middle East. I scarcely think it could be sorted out, and at least in the minds of the people of the Arab world, I suspect—although this could be examined—that it is one lawsuit.

Mr. Dorr: But, you see, even these particular situations in the Middle East are set forth as a cardinal part of the complaint, and the whole IPC arrangements, the Aramco arrangements, the Kuwait arrangements—they are all in there as the very foundation of the situation. Now those are the facts. Those all exist, and it is not on something new which the Government is going to prove: it is a position which is known to be the fact, which is the damaging thing to the United States.

Mr. Kalijarvi: Mr. Withrow, I have a number of questions. I don't want to monopolize any part of this period, but I think they are all addressed to the framework within which your report was prepared. I think you said that when you started out, that you were skeptical that the results would be "as cataclysmic" as some of the people interviewed feared. What did you expect to find when you started on your report?

Mr. Withrow: Well, I can remember from the conversation that Larry King and I had just before we took the plane, and some people had thought that even going out to make the report was not worthwhile, that we couldn't find anything. We were told, for example, by the people in the field that no one outside the oil companies would really talk on this subject. We found them wrong. So as we talked, just before we left, we said, "Well, we wonder whether it is worth risking not being home by Christmas in order to make this survey?" I mean, that is how skeptical we were.

Mr. Kalijarvi: I see. Well, then, the second question—and I hope whoever is presiding here will shut me off if I ask too many of them—is, how many non-English-speaking people did you interview?

Mr. Withrow: Quite a few. Most of them, fortunately, spoke French if they didn't speak English, and I can get by in French, having been educated there. I don't recall but perhaps one or two that were unable to make themselves understood in either French or English. With those I used as translator either Saba Habachy or Col. Eddy, so of course they were there. But you find most of the people of the type that we are speaking of—well, they talk either French or English. Syria and Lebanon having been French mandates, anybody of much consequence speaks French or English.

Mr. Kalijarvi: Well, then, the third one, and that will be all. Suppose the case were dropped, how does this prove the charges were not true? If the charges were not proved untrue through court action, how do we avoid leaving an even worse opinion?

Mr. Withrow: Well, I think the answer is probably twofold. One, most of the people out there think the case is dead, and to a certain extent, even with the attempts like the attempt I mentioned in the newspaper that announces it is going to talk about the case once a week, those attempts haven't been too successful at keeping it alive, as a living issue. It kind of dies off, and so if nothing more is ever said, eventually it will wear off, and you enable the people who are out there to rebuild the belief in themselves and their integrity and their position. That is one thing.

The other thing is, if the suit is called off, I should think that the American Government and the companies would have a very definite interest in the form and substance of the statement which is issued to the press at the time it is called off, and it could be done in such a way that it would not be damaging. We talked to various people out there a little on that subject, when we thought we could, when we got that far, particularly with the lawyers I mentioned—I mean the local lawyers—and the people like Col. Eddy, and so forth. Is that an answer?

Mr. Kalijarvi: Yes, sir.

Mr. Leisure: The other side of that coin, if I may mention it, the real damage is the attendant publicity of a suit that will be used by extremist elements from day to day if the suit proceeds. That is where the real damage comes in, as we see it.

Mr. Dorr: It is not the ultimate result of the suit. No matter how that ultimately were decided in the Supreme Court, four or five years from now, that is not the thing we are talking about now. What we are talking about is the effect on the Arab minds and of these others of the publicity attendant with what goes on meanwhile, and not things which reflect on the companies but things which reflect on the United States for its interfering or assuming to deal with the affairs of those countries, which they regard as within their sovereign rights. That is the nub of it in our minds.

Assistant [*Deputy Under*] Secretary Murphy: I wonder if I could ask an ignorant question, which is probably very hypothetical? Apart from the psychological impact on the Arab mind, supposing the suit is prosecuted and suppose it goes to a successful conclusion on the part of our Government, what would be the practical, we will say official effect as a practical matter in Saudi Arabia? What would you visualize as happening actually from a business point of view?

Mr. Withrow: It is very difficult for me to say, because I don't know as a lawyer precisely what are the results the U.S. Department of Justice wants from this lawsuit. I don't now know what relief it is asking for. The complaint, after reciting all of these companies, like Aramco, which are in existence by agreement, asks the Court to break up all of the agreements. I don't know whether that means to break up Aramco. I don't know. In other words, until you know that, it is difficult to forecast—I mean, forgetting that there might be a blow-up in the meantime—what the result would be.

Assistant Secretary Murphy: But your fear would be that there would be a general deterioration of the relationship with the Saudi Arabia Government as one feature?

Mr. Withrow: There is no question in my mind that if that case went on, that the Saudi Arabia Government would eventually get to the point of this sort of analysis: that if the U.S. Government can examine into contracts and say they are no good because they are against the public interest, let's look at the concession and examine it and decide there is no concession because it is against the Saudi Arab's public interest.

Mr. Foster: Isn't it also relevant, Jim, to mention that one of the people whom you saw—I don't remember who he was—commented that if the United States was attacking these companies, they were of course criminals, and the concession therefore was of course null and void. I think that was their reaction: that any concession, that any contract with a criminal was no good.

Assistant Secretary Murphy: You fear a cancellation of the concession?

Mr. Foster: Yes.

Mr. King: If I may speak to that for a moment also, I am sure all of you gentlemen realize only too well that the Middle East leaders, the educated leaders would have only too clear a realization of the tremendous strategic significance and importance of the Middle East area. That is one of the reasons why it would be completely incomprehensible to the Arab mind that the United States Government, in the interests of destroying what they think of as at the most cooperation between companies naturally interested in the area, would undermine their whole position. Here they are, calling these companies conspirators, price fixers, scoundrels. They have held these same companies forth, and Aramco notably, as shining examples of what American free enterprise can offer, so if this case goes on through the years, again you have a search for what the underlying motive may be: "Is it American imperialism? It can't be true that it is this minor aspect, which we don't understand. What else is it? And in what other direction is Arab animosity directed? There must be some other conspiracy than this."

Mr. Foster: I don't know whether you all met each other. That was Mr. King, who went with Mr. Withrow.

Mr. Dorr: I will just say two things about the position which the Government has taken, which never yet has been borne home out there. One is that the United States has a right to determine what companies Saudi Arabia uses as its instrumentality for developing its resources, and to say whether they shall be used. Now, after all, Saudi Arabia selected these companies for certain reasons, and it selected them as American companies because of certain reasons because of its interests. Now, is the United States going to say, "It is all very well, it is your oil, and it is there; but nevertheless it is for us in our courts to determine whom you use as instrumentalities for producing this oil"? That is just inherently offensive.

Another position which they have taken, which has been taken and which should be considered by the Government representatives, is that the effect of this alleged combination was to bring the Middle East oil into Europe and to force American exports out of Europe. Well, now, if the object of this situation is to cut down the Arabian oil and Middle East oil going into Europe for the benefit of Americans, why, that is not going to be a very pleasant prospect. It is just food for propaganda for this group. It is food for propaganda.

And the same way with the price. After all, these countries are dependent for their economy on what they get. They are dependent for their very life, some of them almost entirely, on what they get out of this oil which is produced. Now, if the indication is that the position of the United States appears to be that this Middle East oil is overpriced, and the result of this suit is going to be to force down the price of Arabian oil because it happens to be very rich and can be extracted cheaply, there again you have a direct apparent conflict, not between the companies but between the American interests, the United States Government interests and those countries.

Those things stick up like sore thumbs.

Assistant Secretary Byroade: There is only one bright light in the picture, Goldie: They are going to be so mad at us on so many things—

[Laughter]

Mr. Dorr: On that, since you said that, let me say this, Hank. We fully appreciate that there are other things which create tensions and disturbances out there besides our little part of the picture, but I will say this, that the oil companies perhaps have suffered somewhat by repercussions from other grounds that are of real offensive objection to the United States.

Assistant Secretary Murphy: Are there any other questions? Has Defense any questions?

Lt. Comdr. Goodspeed: I would like to ask a question. If this suit should go forward and result in a consent decree, which might result in some apparent change in the alignment of the companies or operation of the companies, would that, do you think, have the same effect? The detrimental effect?

Mr. Withrow: I am glad you asked that question, because I, as most speakers, have notes enough to keep them going all day, and I did have that and somehow or other I skipped that page. We investigated that with a number of people out there, and the reaction was that that would be just as detrimental as the trial, and they suggested that the only—they wanted to know why can't you make whatever adjustments you have to make, if you have to make any, without a formal court decree, which I personally think was a pretty sensible suggestion. They say that a decree, a finding against these companies would be used and exploited. I also want to point out that in my dealings with the Department on consent decrees, and I have negotiated quite a few, they have a lot of what they call boiler plate provisions, and those boiler plate provisions in effect forbid you to do a lot of heinous things, some of which you may have done and some of which you may not have done, and you are not in a very good position usually to argue against them, because it is perfectly clear they are against the law, and by eliminating them you aren't getting any rights. But the consent decree angle is not a real solution to this problem. I don't think that means there isn't one.

Mr. Kalijarvi: That brings up another question entirely aside from the legal aspect, the psychological one. Suppose the suit were dropped, what happens to the United States per se on that particular item? Does it mean that the United States in the eyes of the Arab world would be looked upon as having been wrong and therefore the suit has been dropped?

Mr. Withrow: I think most Arabs would say that it would result in heaping a little bit more opprobrium on the prior regime, I don't know—it wasn't very well liked—and I think that they would say, "Well, sure, the new Party, the new President, he sees things better from the Arab point of view than the old one." I don't foresee the difficulty that you do.

Mr. Kalijarvi: Just one technicality: the present suit was filed by Brownell.

Mr. Withrow: I know, but that is fairly well lost in the Arab mind. The publicity and everything about this case is there in the August-through-December period in this country which was reflected out there about the suit. The actual change from civil to criminal didn't actually cause a ripple out there. Why, I really don't know. Probably because they didn't understand it.

Lt. Gen. Cabell: Does Mr. Murphy plan to make available some of these witnesses referred to for any individual interrogation?

Mr. Withrow: Yes. We will advise whomever we should advise, if a channel is set up, as to when these men are here, when they are available. I was going to say that should anybody think of a question he wished he had asked me, after we adjourn today, I will be only too happy to come down with all the information I have and my notes and try to go over this. This meeting, I know, is kind of unsatisfactory for getting at the particular angles that some of you might be interested in, and I would be only too happy to do that. You set up the channel and we will tell you when these other people will be available.

Assistant Secretary Murphy: I should think the three agencies would provide a contact and then could communicate directly with Mr. Withrow. Would that be the thing, Hank?

Assistant Secretary Byroade: Yes.

Assistant Secretary Murphy: Is that agreeable to the others?

[General agreement.]

Mr. King: I would like to make one further point that may be of interest. It was suggested out there that if these charges are pressed, if this publicity does occur, isn't it bound to deprive us of any effective future diplomatic support? "How possibly can your Government go forward with these charges, as we understand them, and then afford the oil industry as it exists today or in anything like its present form any effective diplomatic support in the future?" That calls to mind, perhaps, King Ibn Saud's remark at the end of the Aramco negotiations, when he said to the chief negotiator for Aramco, "Perhaps you would not be interested to know why the Arabian-American Oil company received this concession?" The negotiator said, "Very much." And His Majesty said, "Well, I don't recall seeing many American warships around these waters!"

[Laughter.]

Assistant Secretary Murphy: Bill Eddy as a former Marine probably would have appreciated that.

[Laughter.]

Mr. Leisure: On your question, sir, that you asked a moment ago, about what would happen to the prestige of the United States if the suit is dropped, I think that is a very good question. Of course, we feel that the charges should never have been made. When we stop to think of what it will mean to the Navy's supply of oil and the supply of oil in the Middle East, we think it never should have been brought. We think consideration was not given to that point of view when the charges were made. We think the case was brought by lawyers looking at it from a legalistic point of view, who agreed among themselves to bring an anti-trust suit, without giving sufficient consideration to all the other factors involved. So the problem we have today is, the question now is, where will we be best off? Where will the prestige of the United States be best served? By continuing a lawsuit which should never have been brought in the first place? Or by dropping a suit that should not have been brought? Maybe there will be some loss of prestige. I don't think so. I think it can be handled in such a way that there will be no loss of prestige, but whether there is or not, there we are.

Mr. Kalijarvi: When you are prepared to discuss this aspect of the problem, I would like to discuss it further with you.

Mr. Leisure: We should like to.

Mr. Murphy: Any more questions? [None]

We certainly are very grateful to you. We will have a transcript made of this thing, and I should think we would want to keep it classified as "confidential," but copies will be available.

[Mr. Leisure and Mr. Foster expressed their appreciation to the Department officials.]

Mr. Dorr: I don't think it should be, because after all, these names have been mentioned, and these statements, so you have got to keep them off the limb.

Mr. Murphy: As far as we are concerned, it will be classified as "confidential." A transcript will be available to you and will be classified as "confidential." As far as we are concerned, it is confidential.

Thank you very much.

[The meeting was adjourned at 12:10.]

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No. 328

880.2553/1-2754

Memorandum of Conversation, by the Chief of the Petroleum Policy Staff (Eakens)

CONFIDENTIAL [WASHINGTON,] January 27, 1954. [1]

Subject: Effect of Oil Cartel Case on United States Interests and Objectives in the Middle East.

Participants: Mr. J. R. Withrow, Special Counsel for Socony-Vacuum Oil Company, Inc., in Oil Cartel Case.
Mr. Kalijarvi—E
Mr. Metzger—L/E
Mr. Eakens—PED

The first part of the discussion centered around questions which Mr. Kalijarvi had raised at the meeting on Saturday, January 23, [2] when Mr. Withrow presented to representatives of State, Defense, and CIA the findings of a study which he and two colleagues had recently made in the Middle East of the above-mentioned subject. Mr. Kalijarvi again mentioned his question as to whether Mr. Withrow did not have in mind what he expected to find before he went to the Middle East to make the study.

According to Mr. Withrow, he was frankly skeptical as to just what their study would show. In the study he represented three of the four parents of Aramco, one of which was Socony-Vacuum. He did not disclose the names of the other two. The fourth partner in Aramco did not think there was enough to the question to justify the study and did not join in it. Being skeptical when he started, Mr. Withrow said that he was surprised to learn of the serious repercussions which the people he talked with expected from a revival of the suit.

On the revival of the suit, he explained that what he meant was any action that led to news reports again appearing in the press as would be the case if the issues in the suit were aired in court proceedings. He said the impression which he received from people in the Middle East was that the suit already had been settled or dropped, and they were alarmed to learn that was not the case. They had apparently obtained this impression from the fact that nothing has been appearing in the Middle East press on the case now for many months.

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[1] This memorandum of conversation was prepared on Jan. 28.

[2] See the transcript of the meeting, *supra*.

Another question discussed was whether the dropping of the suit by the United States Government would not have a more unfavorable effect on United States interests in the Middle East than continuing it. Mr. Kalijarvi stated that he was frankly in a dilemma on that point at the present time. Mr. Withrow felt that this problem could be met in the press release which would be issued at the time of the dropping of the suit. He thought that Mr. Brownell could announce that after examining the documents, Justice had concluded that there was not a sufficient basis for the suit.

Mr. Metzger then took up the question of what the documents would show and particularly whether they would show any violations of the antitrust laws. Mr. Withrow's reply was that assuming the applicability of the antitrust laws to the operations in question, there had been violations. He made the point, however, that the violations which had occurred since World War II were of a fringe nature and did not concern the basic issues of the four companies operating through Aramco, the several companies in IPC and the Kuwait offtake agreement. He referred to a price agreement covering Cyprus or Crete. He also said that prior to World War II three companies did have a world cartel agreement under which prices were fixed, markets divided and exchanges made, but that two of the three companies who had participated in that agreement were not even parties to the oil cartel suit.

According to Mr. Withrow, there are two factions in Aramco, each of which holds different views on the effect of the oil cartel proceedings. One group in Saudi Arabia considers that the Aramco concession already is forfeit by the Saudi Arabian Government and that Aramco is now continuing its operations only upon sufferance of the Saudi Arabian Government. This group feels that if any new company came along and made a better offer to Saudi Arabia and Saudi Arabia was convinced that the new group could operate the properties, that would be the end of Aramco. The other group, consisting of the New York management of Aramco together with some officials in the field, are less pessimistic about Aramco's position.

In response to a question concerning the people with whom he talked in the various Embassies, Mr. Withrow covered the discussions which he had had with Embassy people. When he first talked with Ambassadors Hare and Moose he did not think they had given a great deal of thought to the question. The last time he saw Ambassador Hare it was his impression that Mr. Hare's conclusions were about the same as his concerning the potential damage to American interests. He thought Ambassador Moose and Mr. Clark at Damascus went along with the thinking of the oil company attorneys about two-thirds of the way at first, and after some discussion among themselves reached about the same conclusion as they did. He thought Ambassadors Henderson and Berry had thought about the problem and agreed with the conclusions of their study group. Mr. Withrow's only discussion with Ambassador Caffery was for about thirty minutes before the Ambassador was having an important meeting with the Egyptian Foreign Minister on the Suez Canal problem. Mr. Withrow did not consider that meeting very productive as he felt that Ambassador Caffery had other things on his mind and had not been able to concentrate on their problem.

Apparently the study by Mr. Withrow and his colleagues had to some extent been prompted by a suggestion of the Attorney General to the oil company attorneys that if they had any facts to lay before him on this question he would be glad to consider them. When they went back to lay the facts before Mr. Brownell and Mr. Barnes after their study, they were told that the agencies responsible for the questions to which their report was pertinent were State and CIA. Mr. Withrow said that their report had now been presented to State and CIA and, frankly, he did not know where the problem would go from there.

No. 329

886A.2553/2-654: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

CONFIDENTIAL
PRIORITY

JIDDA, February 6, 1954—11 a. m.

333. 1. Aramco and Pacific Western Oil Company received on January 31 identical letters from Minister of Finance Abdullah Suleiman stating agreement had been concluded between SAG and AS Onassis Company and quoting Article 4 thereof which in substance provides all oil shipped from Saudi Arabia by a concession and oil companies or their parent companies must be shipped (a) in tankers owned by companies and employed in transport Saudi oil prior December 31, 1953 or (b) in tankers of "Saudi Arabian Maritime Company" (presumably joint Onassis-SAG Company controlling Onassis-owned tankers). Letter instructed companies take necessary steps to put provisions Article 4 of agreement into effect.

2. Preliminary reaction Owen Aramco representative to SAG and according to him other Aramco officials is that Aramco cannot

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[1] Repeated to Dhahran.

accept shipping arrangements provided Article 4 of agreement. Owen states Terry Duce is briefed re Shaikh Abdullah's letter and can inform Department fully why arrangements set forth in letter are impracticable.

3. At Owen's request, I touched on matter briefly at end my audience with King at Tabuk February 3 (Embtel 331, February 4)[2] and requested his permission obtain further information on agreement from Shaikh Abdullah; King agreed. I also requested him permit companies discuss implications agreement and its effect on Saudi Arabian interests with appropriate Saudi officials and with King himself if companies considered desirable. After some hesitation King said company should first discuss it with Finance Minister after which he willing receive Aramco officials if they believed agreement harmful country's interests.

4. According Owen, Ohliger Aramco Vice President in charge concession affairs has telegraphed King requesting audience but as of last night had not received reply. Owen flew Dhahran yesterday for company conference. I shall comply his request defer discussing matter with Shaikh Abdullah.

5. King outlined some benefits agreement would bring Saudi Arabia as follows: Free transport oil for SAG use, royalty payment to SAG of 1½ shilling per ton on all other oil transported by Onassis tankers; 50 Saudis would be trained yearly therein; most important tankers would be subject Saudi law and regulations and fly Saudi flag.

None of these provisions agreement were mentioned in letter to oil companies but Owen has obtained substantial confirmation thereof from unofficial sources. He is also told Onassis agreed to build drydock Jidda.

WADSWORTH

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[2] Not printed.

No. 330

886A.2553/2-654

The Acting Secretary of State to the Embassy in Saudi Arabia [1]

CONFIDENTIAL WASHINGTON, February 13, 1954.

244. Embtel 333.[2] Aramco has provided Department text letter written by its representative to Finance Minister February 8 stat-

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[1] Drafted by Fritzlan and cleared by PED. Repeated to Dhahran.

[2] *Supra.*

ing objectionable implications tanker agreement concluded with Onassis. Department considers these considerations entirely valid and feels in addition implementation of agreement would be detrimental to U.S. interests through restriction imposed on Navy tankers pick up substantial quantities Saudi oil purchased by U.S. Government. (This restriction would also seemingly harm Saudi interest through eliminating certain sale outlets.)

Although Department believes initiative in this matter should be left for time being in Aramco's hands, it feels U.S. Government should give general support to Aramco at this juncture. Ambassador accordingly authorized at his discretion inform Finance Minister our serious concern over implications agreement.

Should Aramco's discussions with SAG prove unsuccessful Department believes consideration should be given to forceful appeal to King by Ambassador.[3]

Department will appreciate full reports this matter and recommendations concerning procedure.

SMITH

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[3] This recommendation, and the ones in the preceding paragraph, were originally suggested in a memorandum by Hart to Byroade, dated Feb. 10, not printed. A handwritten note next to the recommendations in the memorandum noted that they had been sent to the Ambassador. (886A.2553/2-1054)

No. 331

886A.2553/2-1454: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State[1]

CONFIDENTIAL JIDDA, February 14, 1954—10 a. m.

349. Depcirtel 278, January 28.[2]

1. We believe publicity attending prosecution oil cartel suit may be expected have adverse effect on US national interests and objectives in this area to even greater degree than during Grand Jury investigation.

Operations of American oil companies in Near East in our opinion constitute national interest US, oil from Near East contributing vitally to both military and economic strength US and other non-Commie countries. Thus follows that action rendering operations oil companies more difficult would be harmful US interests.

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[1] Repeated to Dhahran.

[2] Not printed; it asked for a current evaluation of the effect of prosecution of the oil cartel suit on U.S. national interests and objectives. (800.2553/1-2854)

2. Attainment fundamental US objective Saudi Arabia maintenance friendly relations on basis mutual respect would also be affected by bringing suit to trial. Aramco almost synonymous US in minds numerous Saudis whose lives it touches. Hence decrease in prestige Aramco would inevitably mean decrease prestige US.

Can be little doubt prestige Aramco was lowered by publication FTC staff report and initiation Grand Jury investigation. SAG obtained copy report last year and in subsequent negotiations with Aramco quoted excerpts from it implying integrity company must be open to question if it made object prosecution by own government. Prosecution suit against Aramco parent companies in future with attendant publicity in sensational Arab press would further reduce standing Aramco and consequently that of US in Arab eyes.

3. Prosecution suit might well jeopardize another US policy objective: maintenance of internal stability which is of special significance in Saudi Arabia in view our desire develop DAF and strengthen Saudi defense and security forces.

Good relations based on mutual confidence between Aramco and SAG contribute maintenance internal security; lack of coordination between two will undermine it. This fact was important contributing cause for seriousness recent Aramco labor strike which almost got out of control.

4. Further important point is that notwithstanding dominant role of a US company in Saudi Arabian economy we have in general not been subjected charge of "economic imperialism". Prosecution of suit would open door such charges and lend color to recurring Soviet propaganda theme that under-developed countries Near East are "enmeshed Wall Street tentacles".

In political field US has been damaged in Arab eyes by US Government's Palestine policy; we are apprehensive lest attack in US courts on major US economic interest in area would have similar effect in economic field.

WADSWORTH

No. 332

Editorial Note

Telegram 355, from Jidda, February 16, reported a Mecca newspaper had published a statement, attributed to an "official spokesman Saudi Foreign Office", to the effect that the Saudi Arabian Government had not concluded an agreement with A. S. Onassis for transporting Saudi Arabian oil. The paper quoted the Foreign Office as reporting that Onassis had submitted an application for consideration, but it was still under consideration. Furthermore, the spokesman said the Government would observe obligations in existing agreements with Aramco. The text of the newspaper article was transmitted in despatch 299 from Jidda, February 28.

Telegram 360 from Jidda, February 21, informed the Department of State the Ambassador had consulted with Aramco officials on the tanker matter and believed the vice president of Aramco had persuaded the King to withhold approval of the agreement. Documentation is in Department of State file 886A.2553.

No. 333

800.054/2-1854

Paper Prepared in the Department of State [1]

CONFIDENTIAL [WASHINGTON, February 19, 1954.]

PROBABLE EFFECT OF PROSECUTION OF OIL CARTEL SUIT ON UNITED STATES NATIONAL INTERESTS AND OBJECTIVES IN THE MIDDLE EAST

The effect which the prosecution of the oil cartel suit may be expected to have on United States interests abroad has constituted from the outset an important factor to be taken into account in policy decisions concerning this proceeding.

It was given special study in the last half of 1952, and the results of that study were set forth in Intelligence Report No. 6104 dated December 17, 1952. [2]

Subsequently, the grand jury investigation was dropped and the proceeding changed from criminal to civil as a means of minimizing the possibility of adverse effects upon United States interests abroad.

For many months now the proceeding has either been more or less dormant or of such a character as not to generate publicity. As long as no contrary action is taken, it may be expected that at any time the suit will again become active and that a trial may ensue in which the legality of operations of the defendant companies being challenged by Justice will be argued out in open court.

During the last few months three of the defendants have taken the opportunity to have this question studied by their lawyers. The results of this study were presented to State, Defense, and CIA representatives on January 23, 1954. It was strongly argued by those who made the study that the prosecution of the suit even in a civil proceeding would be extremely damaging to United States political, security, and economic objectives and programs in the Middle East, if not, in fact, catastrophic.

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[1] This paper was attached to a memorandum by Eakens to Armstrong, Hadsel, Hart, Fritzlan, Metzger, and Dixon. According to Eakens' memorandum, the paper was based on reports which had been received from nine Missions in the Middle East. (800.054/2-1854)

[2] For text, see vol. I, Part 2, p. 1293.

In the light of this development, and considering the fact that the Department's last study of the question was more than a year old, it was decided that a new evaluation should be made.

PROCEDURE

Material for the previous study was obtained from reports which appeared in the press throughout the world and from a wide coverage of American missions. In order not to overlook any areas which might be important, fifty-one missions were requested to report the local reaction which had occurred in their respective areas to the oil cartel proceedings and certain other related matters.

The case which the oil companies are currently making as to the adverse effects on United States interests abroad of prosecution of the suit has been confined to the Middle East. This study has, therefore, been limited to that area, the boundaries roughly being Cairo on the West and New Delhi on the East. The evaluation of the missions in this general area was requested of both past and prospective effects of prosecution of the oil cartel suit on United States national objectives and interests.

As nothing of any significance is known to have appeared in the press in recent months on this subject, this revaluation is based entirely upon reports from the missions.

EVALUATIONS OF MISSIONS *

The evaluations of the missions generally fall into three categories:

> (1) The first group indicates that little attention has been given to the oil cartel suit, that it has had little if any significant effect on United States national interests in the area, and that probable future effects either cannot be evaluated or are not likely to be serious. The evaluations of the Embassies at Damascus and Karachi and the Consulate at Kuwait fall into this category.
>
> (2) The second group reports that local government officials have paid some attention to the charges in the Federal Trade Commission Report and the oil cartel suit, that such officials have become more suspicious of the oil companies and have made some use themselves of the charges, that the prosecution of the suit might give them some further ammunition which they could be expected

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* Based upon reports from all missions whose views were requested for this study except Amman and Dhahran, whose reports had not been received. [Footnote in the source text.]

to use. The picture drawn by this group, however, is far from alarming. It would seem to be more properly characterized as mild rather than serious. The reports from Baghdad, Cairo, and New Delhi are of this character.

(3) The third group—Beirut, Jidda, and Tehran—take a far more serious view.

Ambassador Henderson states that the "antitrust suit cannot fail to weaken position of American private enterprise and add fuel to propaganda fire against them" in that part of the world. He also states that "to extent that American interests in area should become weakened in their relationships with local governments and public, vital U.S. interests would be affected."

Ambassador Wadsworth believes that "publicity attending prosecution oil cartel suit may be expected to have adverse effect on U.S. national interests and objectives in this area [Saudi Arabia] [2] to even greater degree than during grand jury investigation." He considers that operations of American oil companies contribute "vitally to both military and economic strength U.S. and other non-Commie countries" and hence "constitute national interest U.S." It follows therefore that anything rendering operations of American oil companies more difficult would be harmful to United States interests. He believes that "attainment fundamental U.S. objective Saudi Arabia maintenance friendly relations on basis mutual respect would be affected . . . ," [3] that prosecution of the suit would reduce standing and prestige of Aramco and also of the United States, that it might well jeopardize "maintenance of internal stability" in Saudi Arabia, and that it would open door to charges of economic imperialism and lead to damage in economic field similar to that which has occurred in political field from the United States Government's Palestine policy.

Ambassador Hare thinks that prosecution of the suit would be damaging not so much from the standpoint of United States national interests but rather from that of the American oil companies. He believes that "prosecution of the suit would inevitably serve further to undermine already difficult position of American oil companies in Near East and give Near Eastern governments idea that they could apply screws to oil companies with impunity as far as prospective support by USG concerned." To his knowledge the F.T.C. report seriously prejudiced Aramco in Saudi Arabia where King's advisers used report as irrefutable evidence not only of culpability of oil companies but of all allegations made in the report. "In circumstances, prosecution of cartel suit could only be expected to intensify badgering of oil companies, including Tapline, and of placing us in greatly weakened position in protecting their interest, not to mention invidious effect which such publicity would have on general American reputation for integrity."

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[2] Brackets in the source text.

[3] Ellipsis in the source text.

CONCLUSIONS

From the preceding analysis of the evaluations of the Missions it will be seen that there was no unanimity that prosecution of the oil cartel suit would be seriously damaging to United States national interests and objectives throughout the Middle East. Most of the missions left the impression that the potential effect could not be evaluated or was not likely to be serious. This evaluation was made by missions located in important oil producing or transit countries—e.g., Baghdad, Kuwait, Damascus, and Cairo—as well as by those where oil problems are not so important.

Only two of the missions seem completely convinced that prosecution of the suit would jeopardize vital United States national interests, while a third thought that the position of the oil companies and the ability of the United States Government to support them would be further undermined. It may be significant that the two missions which take the most serious view of the potential effect of prosecution of the suit are those in Iran and Saudi Arabia where currently the problems of oil are most critical.

Thus whether or not the potential damage to United States interests and objectives in the Middle East is to be considered a matter of grave concern as judged by these field reports depends upon the weight to be given the evaluation of the respective missions.

No. 334

880.2553/4-954

The Under Secretary of State (Smith) to the Attorney General of the United States (Brownell) [1]

SECRET WASHINGTON, April 9, 1954.

DEAR MR. ATTORNEY GENERAL: On January 5, 1954, the Department received a letter from attorneys representing Socony-Vacuum Oil Company, Inc., Standard Oil Company of California and The Texas Company in connection with the pending civil anti-trust suit against these companies. [2] In this letter the oil companies requested an opportunity to place before the Department of State and other interested agencies the results of their investigation concerning the probable effects on United States interests of pursuing the case against them. This request apparently resulted from a suggestion made in Judge Stanley H. Barnes' letter of December 24, 1953,[2] to a representative of one of the companies.

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[1] This letter was drafted by Fritzlan and Armstrong between Apr. 2 and Apr. 7 and was cleared by Eakens, Kalijarvi, and Phleger.

On January 23, 1954, representatives of the companies concerned met representatives of this Department, the Department of Defense and the Central Intelligence Agency [3] and presented evidence of the effect upon United States interests which may be expected to follow prosecution of this suit. A transcript of this presentation was transmitted to Judge Barnes shortly thereafter. Since then the Department of State has sought and obtained the views of our Ambassadors in the Near East concerning this question and has made an intelligence estimate of it. [4] I enclose two copies of this estimate for your consideration.

In view of the conclusions reached in the estimate, it is my hope that arrangements can be made to settle the suit without protracted proceedings or publicity which would serve to damage United States interests in the Middle East. [5]

Sincerely,

WALTER B. SMITH

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[2] Not printed, but see Document 326.

[3] See Document 327.

[4] Presumably, this refers to the paper prepared in the Department of State, Feb. 19, *supra*.

[5] Attached to the source text was a typed memorandum which reads: "J[ohn] D. J[ernegan]: Dave Fritzlan has a draft of the CIA letter (attached). Dave expects to have a proposal on the oil question by Friday or Monday. F[red] L. H[adsel]" The undated CIA letter, from Cabell to Brownell, not printed, had been drafted on Mar. 11. It advised the Attorney General that the CIA had evaluated the testimony of the oil company witnesses and the views of the Ambassadors, and agreed with their views. The last two sentences of the letter read: "It is not inconceivable that the next step proposed by the anti-foreign element [in the Middle East] will be expropriation as was the case in Iran three years ago. This anti-foreign element would be encouraged, at least in some degree, by public proceedings tending to depict the American oil companies as violators of the laws of the United States or as subject to the direct control of the government of the United States."

A handwritten note on the memorandum advised that the CIA would be kept informed of developments and would receive a copy of this letter. (880.2553/4-554)

BEST COPY AVAILABLE

No. 335

886A.2553/3-1654

Memorandum of Conversation, by the Acting Director of the Office of Near Eastern Affairs (Dorsey)

LIMITED OFFICIAL USE [WASHINGTON,] March 16, 1954. [1]

Subject: Saudi Arabian Tanker Agreement with Onassis Interests.

Participants: Mr. Robert L. L. McCormick, Vice President Coates and [*of*] McCormick, Inc.
Mr. Reginald P. Mitchell
NEA—Mr. John D. Jernegan, Deputy Assistant Secretary
GTI—Mr. William O. Baxter, Deputy Director
NE—Mr. Stephen P. Dorsey, Acting Director

Mr. McCormick stated that he represented Mr. Stavros Niarchos, Greek shipowner now under Federal indictment with others for certain postwar purchases of surplus United States tankers, who had requested that he undertake the following discussion with officers of the Department. He explained that although Mr. Onassis, who recently negotiated an exclusive tanker agreement with the Saudi Government, and Mr. Niarchos were related, they were violent competitors. It seemed to Mr. Niarchos, whose firm Mr. McCormick represents, that the Saudi Arabian-Onassis agreement, if ratified, was most unfortunate not only for American oil companies but for the United States Government, from a strategic point of view. In view of these facts, Mr. Niarchos had been interested in discovering some form of solution to this difficult problem in the light of his own experience in the tanker business.

He went on to explain that Mr. Niarchos believed that Mr. Onassis had signed a loan agreement with the National City Bank and the Metropolitan Life Insurance Company to finance the necessary tankers for the shipment of Saudi oil under the agreement. He pointed out that independent tanker operators obtain a long-term contract to carry petroleum which they then use with banks or insurance companies as security for a loan with which to build the tankers. National City Bank and Metropolitan Life Insurance Company at first insisted upon United States registration for any ships which they financed. They have now somewhat liberalized their loan requirements to allow Liberian, Honduran or Panamanian registration. Since the Onassis agreement provides that tankers shall fly the Arabian flag, it was Mr. Niarchos' proposal that the

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[1] This memorandum of conversation was prepared on Mar. 18.

Department approach the above loaning agencies and suggest to them that it would not displease the Department if they were to refuse to change their present registry requirements and that it would be preferable if they were to cancel their agreement with Onassis. Mr. Niarchos advanced this proposal on a confidential basis, but requested that the Department of Justice be informed.

Mr. Jernegan said that the Department recognized the dangers inherent in the agreement, but he believed it would be reluctant to use this method of influencing the outcome of these difficulties and that it would much prefer to have the Saudi Arabs themselves realize the unfortunate effects on Arabs as well as Americans, of such an infringement on the concession agreement. He thought it was up to the oil companies, in the final instance, to try to resolve the matter. He expressed his appreciation, however, for the information which had been tendered by Mr. McCormick.

No. 336

880.2553/4-554

United States Record of the First Session of the United States-United Kingdom Talks on Middle East Oil [1]

CONFIDENTIAL [WASHINGTON,] April 5, 1954.

Subject: US-UK Middle East Oil Talks Meeting, 3:00 P. M., April 5, 1954

Participants: Messrs. Beeley, MacGinnis, Brook and Druitt—British Embassy
Mr. Armstrong—OMP
Mr. Dorsey—NE
Mr. Fritzlan—NE
Mr. Gay—NE
Mr. Metzger—L/E
Mr. Eakens—PED

At this meeting discussion was completed on the first three items of the agenda attached as Annex A.

I. Pipe Line Transit Agreements in the Middle East

The British representatives generally indicated the status of the views and plans of IPC in regard to pipe line transit negotiations. IPC does not expect to engage in negotiations with Syria until after the Syrian elections. Meanwhile neither Syria nor Lebanon is being informed of the IPC position. This position, which was previously communicated to the Department and in regard to which the Department did not raise any questions, is that IPC will offer to pay each transited country 7 per cent on its investment within the country. Seven per cent is the return which is permitted oil pipe line companies to disburse as dividends under the consent decree entered into by the United States Government and the oil pipe line companies several years ago. In discussing the 7 per cent formula it was noted that pipe line companies in the United States under the consent decree have an incentive to so establish their rates that their earnings remaining after payment of the 52 per cent corporation tax will be equal to 7 per cent of their approved rate base. They do not have an incentive to earn more because higher earnings cannot be paid as dividends and when left in the company do not become a part of the rate base.

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[1] No drafter was listed for any of the three talks with the British. Circular airgram 6556, May 13, transmitted the record of the three talks to Department of State representatives in the Middle East for information and any comment they might wish to make on them. (880.2553/5-1354)

It was also noted on the U.S. side that the 7 per cent formula would probably work out to be much more favorable to IPC than to Tapline because of the higher pipe line differential which IPC currently enjoys. The 7 per cent is probably substantially less than one-half of the pipe line profits now being realized by IPC whereas it seems likely that it will closely approximate half of Tapline's profits.

Recognizing that Tapline is certain to be directly affected by IPC's proposal of the 7 per cent formula, the British suggested that there was need for IPC-Tapline consultation on this question. It was observed on the U.S. side that it was assumed that coordination was taking place through the common American interests in IPC and Tapline.

One question which IPC has not yet decided is whether the 7 per cent should be made as a single payment or whether it should be broken down as the payments now are among a number of different types of payments. The British representatives seemed generally to think that there was merit in combining into a single payment the entire amount due the transit countries in lieu of taxes and other payments. A lump sum for all purposes might assist in forestalling new reasons for new types of payments.

U.S. representatives indicated that it would be useful to know when IPC is going to make its proposal to the Syrians. They also suggested that if IPC would keep the American Embassy informed regarding developments, the U.S. would be in a position to be as helpful as possible in the event problems arose. The British agreed with this suggestion.

II. Saudi Arabia

A. Status of Aramco–SAG negotiations

The U.S. representatives briefly reported on this point. The negotiations have been postponed from month to month since last fall and currently are postponed until early in May. It seems doubtful, however, in view of the beginning of Ramadan, that the negotiations will begin before June.

The British inquired whether there had not been some letters exchanged between Aramco and Saudi Arabia. They were informed that the Department was not aware of any except the Aramco offer last fall to adjust the settlement price to the posted price less 2 per cent. It developed that this letter was written after the U.S.-U.K. oil discussions last fall and hence was not discussed at that time. In the discussion the British questioned whether the Aramco offer did not jeopardize the 50-50 principle. The Department representatives expressed the view that the 2 per cent was probably sufficient to cover marketing costs and hence did not jeopardize 50-50 as long as oil was sold at posted prices. If any significant amount were sold below posted prices, however, and settlement were made on the proposed Aramco basis, the Saudi Government might receive more than 50 per cent of the profit. It would seem likely in such circumstances, though, that there would be a strong tendency for posted prices to be readjusted to actual prices so that in fact the proposed Aramco basis of settlement should not be out of line with 50-50 either very significantly or over any long period of time.

B. Status of Onassis tanker deal

The British were informed that as late as three weeks ago the Onassis tanker contract with Saudi Arabia had not been confirmed by the King and the Council of Ministers. In fact, an Arab radio broadcast took the U.S. to task for references to such a contract because, according to the broadcast, there was no such agreement. The Department's latest information, however, is that the Onassis contract is under consideration by the Council of Ministers. The provisions of the Onassis contract were discussed in general terms.

The British had information on Onassis' activities to the effect that he is believed to be making efforts to negotiate a similar contract with Iraq, and possibly also with Iran, under which he would be given the exclusive right to ship all or part of the oil produced in those countries. It was agreed that both sides should endeavor to develop any further information which may be available in regard to such negotiations. The British were concerned over the Onassis contract with Saudi Arabia because they view it as a flag discrimination and they think it also violates the right of the companies to handle their oil as they see fit.

It was generally recognized that in view of the rebates which are provided for in the Onassis contract, the contract would violate the 50-50 principle.

C. Implications of boundary questions for international oil development

At the beginning of the discussion of this question the Department representatives made it clear that the Buraimi boundary problem was being handled in different channels and that they did not wish to discuss the Buraimi problem as such. [2] The British did say, however, that they wished to make their position clear in regard to the Buraimi dispute. Their proposal to Saudi Arabia for settlement of the dispute did contain stipulations to the effect that IPC was to continue to carry on its exploration work in the disputed area. The British recognized, however, that any territory which was awarded Saudi Arabia in the settlement of the dispute would come within Aramco's concession, and they did not wish to do anything which would in any way compromise Aramco's concession. If the territory in which IPC is exploring were awarded to Saudi Arabia, IPC would be interested in obtaining a concession on that territory if Aramco were willing to give it up. On the other hand, if Aramco did not wish to give up territory in which IPC had been working and which had been awarded to Saudi Arabia, the British would of course recognize Aramco's concession rights and IPC would withdraw.

The British expressed the view that Saudi Arabia was trying to round out its boundaries to the south and southwest and that the Buraimi question undoubtedly arose because the Buraimi route was one of the routes most used. The British suggested that in addition to Buraimi there were two other areas in which Saudi Arabia's southern boundaries were important. One of these was the boundary with Muscat, but the foreign relations of Muscat are not under British control although at the Sultan's request the British are acting for him on the Buraimi question. The other areas where the southern boundary of Saudi Arabia is important is with the Aden Protectorate, including the Hadhramaut. Recently there have been two incidents concerning this latter boundary. In the first case an Aramco party was asked by British officials to leave an area north of the Violet Line which had been agreed upon between the British and the old Ottoman Empire in 1914. In another case an Aramco party crossed the Violet Line and was asked to leave.

These two incidents pointed up the boundary question in that area. While the British were not anxious to take on any other boundary problems until the Buraimi question had been resolved, they did invite an expression of U.S. views regarding the Aden-Hadhramaut boundary with Saudi Arabia. The Department's representatives agreed to look into this question and subsequently to inform the British of their views.

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[2] For documentation on this topic, see Documents 1466 ff.

III. Reexamination of Attitudes Toward 50-50 Oil Concession Agreements

There was some general discussion on this point from which it was evident that there had been no significant new developments since the last U.S.-U.K. oil talks. One suggestion to which no one took exception was that as soon as all of the principal concession agreements had been brought up to a 50-50 basis the time would have arrived when serious thought would have to be given to whether the U.S. and U.K. Governments were not going to have to take a more direct interest in the substantive provisions of concession contracts.

The British had one point in this connection that was giving them some concern. This was the question of oil companies being required to provide facilities for the general public which would normally be provided by governments. It came up in Kuwait recently when the Kuwait Oil Company was asked to build a 1 million pound school for Kuwaiti children. The British believe that such demands should be resisted and the Kuwait Oil Company is resisting this request. The British stated that IPC and the Consortium in Iran will take the same line in regard to similar demands.

It was generally recognized that the oil companies would have to provide schools, hospitals, and other facilities for their own workers and their workers' families, but it was agreed that it was not proper for them to provide normal governmental facilities and services for the general public. How to maintain such a position would always be a problem since there would probably always be minor exceptions which could not be resisted.

One point which the British made was that an oil company would tend to become less of an empire within a country if it confined such facilities to its own personnel.

Two questions were raised in this connection: One was whether the expenses of the education of the fifty Iraqis, which is provided for in the IPC agreement, are included in the cost of operating the concession or whether such costs are outside. The British were not sure of the answer to this question and undertook to provide the answer at a subsequent meeting.

The British raised the question as to whether the royal decree which terminated the recent strike in Saudi Arabia did not require Aramco to provide certain service to the general Saudi Arabian public. The Department representatives undertook to provide the answer to this question.

[Annex A]

AGENDA FOR US-UK OIL TALKS ON APRIL 5, 1954

I. Pipeline transit agreements in the Middle East.

II. Saudi Arabia.
  a. Status of Aramco-SAG negotiations
  b. Status of Onassis tanker deal
  c. Implications of boundary questions for international oil development.

III. Reexamination of attitudes toward 50-50 oil concession agreements.

IV. Implications for other Middle East production of reentry of Iranian oil into world markets.

V. Oil company-government relations in the Middle East.

VI. Relation of antitrust questions to Middle East oil problems.

VII. Should there be periodic US-UK-Dutch-French oil talks?

VIII. General economic and political trends (e.g., nationalism) in the Middle East and their significance for petroleum operations in the area.

IX. Soviet oil
  a. Soviet objectives in expanding sales
  b. US-UK Government position on question of their nationals being forced by local governments to handle and/or market Soviet oil
  c. Security aspects, if any, to West of expanding Soviet oil sales.

No. 337

880.2553/4-754

United States Record of the Second Session of the United States-United Kingdom Talks on Middle East Oil

CONFIDENTIAL [WASHINGTON,] April 7, 1954.

Subject: US-UK Middle East Oil Talks Meeting, 3:00 P. M., April 7, 1954

Participants: Messrs. Beeley, MacGinnis, Brook and Druitt—
British Embassy
Mr. Armstrong—OMP
Mr. Dorsey—NE

Mr. Metzger—L/E
Mr. Eakens—PED

The British opened the meeting by commenting further on the fifty students whose education is provided for in the IPC concession agreement. The British indicated that a preliminary check seemed to show that the expenses of the students were not considered a cost of the concession agreement but were paid for by IPC out of its own funds.

The Department representatives had not had an opportunity to check into the question regarding the royal decree affecting Aramco but indicated they would do so before the next meeting.

IV. Implications for Other Middle East Production of Reentry of Iranian Oil Into World Markets

Mr. Beeley opened the discussion on this subject. It was his view that production programs in other Middle East countries would have to be readjusted although it was not certain that cutbacks would be required. He mentioned the widely accepted assumption that any adjustments in production would be made in the Middle East and not elsewhere. He was not sure how Shell would be able to meet any obligations which it had on this point in view of the small amount of the company's production in the Middle East. He generally felt that it was desirable that the consortium companies be able to agree among themselves on the adjustments which would be required. He thought this was the only way that the impact of Iranian oil could be equitably spread among other Middle East countries with the minimum political difficulties in the other countries. At the same time he recognized that it was questionable whether American companies could participate in such discussions in view of the antitrust laws.

On the Department's side it was noted that the Department of Justice opinion on the consortium plan did not give the American companies any clearance on the question of agreed production cutbacks in other areas. The question was raised as to whether cutbacks would in fact be necessary and whether the problem was as serious as some people seemed to think. Eastern Hemisphere demand alone is increasing at the rate of almost 200,000 barrels daily. On the schedule of production contemplated in Iran—200,000 barrels daily the first year, 400,000 barrels daily the second year, and 600,000 barrels daily the third year—it would seem that expansion in Eastern Hemisphere demand would roughly take care of the problem. In addition, it seemed logical to assume that the consortium companies were already tightening up their programs in anticipation of the return of Iranian oil to world markets. Such foresight should cushion the immediate impact of Iranian oil. In addition, it was suggested that the Sheikh of Kuwait might not object too strongly to a reduction in Kuwait production since this would only mean that his assets were kept in oil in the ground rather than in other investments.

On the latter point the British felt that if production in Kuwait were reduced it might raise problems between the oil companies and the ruler. They generally recognized that Kuwait should bear about one-half of the impact from resumption of Iranian oil exports, but they did not generally believe that production could be reduced below the 1954 level without causing difficulties. They noted that the increase in production in Saudi Arabia, Iraq, and Qatar in the last year had been five million tons, two million each for the first two and one million for Qatar. They seemed generally to contemplate that a standstill in production would be shared by these three countries in about these proportions with Kuwait assuming the burden of the other five million tons which would go to make up the 200,000 barrels daily in the first year.

Mr. Armstrong suggested that a change in attitude might well develop as had been the case in regard to the independent oil producers in the United States. When the Simpson Bill was before the last session of Congress, the independents had strongly supported legislation limiting oil imports. Their present attitude seems to be that they would much prefer the exercise of prudence by oil importers.

Mr. Beeley in summing up noted that a number of natural developments were working in our favor and that the prospects did not seem to be alarming. He thought that the only danger was that the problem might become a political one, in which case it would be a real problem of public relations. He and Mr. Brook felt that this was an incipient problem which should be watched. Mr. Eakens made the point that the problem of cutbacks should be played down instead of played up, and that the ideal solution would seem to be for Iranian oil to become lost in the stream of world production so that its impact upon production programs elsewhere is never obvious. All agreed.

Mr. Beeley emphasized that his desire was to underline the potential importance of the problem and to suggest that it be discussed again if it proved to be more difficult than is now anticipated. Department representatives agreed to this.

The question of independents joining the consortium was touched on briefly, and it was noted by Department officials that the addition of independents to the group would seem to be a constructive factor especially since they would not be expected to join unless they were seriously interested in Iranian oil.

On the question of publicity on the Iranian problem, Mr. Beeley felt that the U.S. and U.K. line should be the same, or at least mutually consistent. It was his view that the line should be that the consortium had been generous in dealing with Iran but that nationalization had not paid. It was recognized that carrying out such a line would not be easy. The question was raised on the Department side as to the need for publicity and whether the Iranian example of having lost their production for three years was not well enough known to make publicity unnecessary. It was agreed that when the general form of the settlement in Iran became clear the problem should be looked at again.

V. Oil Company-Government Relations in the Middle East

The discussion under this heading was handled by Mr. Dorsey. He indicated that some complications had developed from the ascension of the new King of Saudi Arabia which could have an unfavorable influence upon Aramco's already difficult relations. It is not possible at this time to predict the outcome, but Aramco does have serious government relations problems.

Mr. Beeley recounted some of the discussion at the last U.S.-U.K. Middle East oil talks. He mentioned a number of things which it had been felt at that time that the companies might do in order to improve Arab understanding of the western oil companies. This still seemed to him to be a desirable goal in this field.

VI. Relation of Antitrust Questions to Middle East Oil Problems

Mr. Beeley had two questions on this point. He referred to the references in the President's message on the Randall Report to the problem of the operation of the antitrust laws in such a way as to deter foreign investment by American companies, and the consideration of this problem by the committee now studying the antitrust laws. Mr. Beeley wondered whether the President's reference to this problem suggested that something might be done about it by the committee. His second question was "What is likely to be the outcome of the oil cartel suit?"

Mr. Metzger undertook to answer these two questions. He mentioned that a committee of some fifty-five representatives had been appointed last year by the President to study the antitrust laws, including their effects on both foreign and domestic business activities. The Chairman is S. Chesterfield Oppenheim. The work of the committee has been broken down into subcommittees, one of which is actively considering the application of the antitrust laws to foreign activities of American firms. It is not certain when the report of the committee will be made although it is not likely to be made in the next month or two. Also it is not possible to predict whether the committee will make any recommendations regarding the operation of the antitrust laws in this field. Mr. Metzger did feel, however, that there was now a more lively appreciation than ever before that this is a real problem which needs to be faced and dealt with.

As to the cartel suit, its status differs now only in minor respects from what it was six months ago. The civil suit of course differs from the criminal suit, among other ways, in that no foreign companies were named as defendants. The venue was changed from Washington to New York and under voluntary stipulations the companies are supplying documents. Justice is examining the documents to determine whether they are adequate. It is therefore not clear at this time whether a motion will need to be made by the Government for compulsory supplying of additional documents. After the documents have been examined the case will eventually be set down for trial. Insofar as the antitrust suits go, it might be noted that the present case is still in a relatively early stage of development. Such cases normally require three or four years and many have required an even longer period of time. Just how long the suit will take is not predictable, however, because it is always possible for it to be settled by various means, including a consent decree at any time.

Mr. Beeley questioned whether the Oppenheim recommendations could have a bearing on the suit. Mr. Metzger thought it would be hard to tell, but his personal reaction was that it was probably unlikely. He thought new legislation would be needed to back up any recommendations of the Oppenheim Committee before such recommendations could be expected to influence pending suits, and new antitrust legislation has never been enacted in any very short period of time.

VII. Should There be Periodic US-UK-Dutch-French Oil Talks?

Both the U.S. and U.K. representatives saw no objections to bilateral talks and in fact considered that there were advantages to be gained from such talks from time to time. The U.S., however, did not favor talks on any other basis. The British, on the other hand, indicated that they would not initiate proposals for such quadripartite meetings but that they would not wish to take a negative attitude if they were pressed to hold them.

No. 338

880.2553/4-854

United States Record of the Third Session of the United States-United Kingdom Talks on Middle East Oil

CONFIDENTIAL [WASHINGTON,] April 8, 1954.

Subject: US-UK Middle East Oil Talks Meeting, 4:00 p.m., April 8, 1954

Participants: Messrs. Beeley, MacGinnis, Brook and Druitt—British Embassy
Mr. Armstrong—OMP
Mr. Dorsey—NE
Mr. Fritzlan—NE
Mr. Gay—NE
Mr. Metzger—L/E
Mr. Eakens—PED

Mr. Dorsey reported on the royal decree in Saudi Arabia about which the British had inquired at the first session. Under the decree Aramco is required to build six or seven new schools but only for the children of employees. Aramco also is required to expand hospital facilities, but these also are limited in principle to Aramco employees. In regard to hospital facilities, however, it is Aramco's policy not to turn anyone away, and hence treatment is provided to the general public to the extent that treatment is requested.

VIII. General Economic and Political Trends (e.g., Nationalism) in the Middle East and Their Significance for Petroleum Operations in the Area

Mr. Dorsey also opened the discussion on this question. He did not think there had been any significant new trends which had developed since the previous talks. The increase in activity on the Jordan-Israel border has been of considerable concern to Aramco and Tapline, particularly in regard to the effect which it might have on their employees and on the possibility of forcing a closing of the line. Mr. Dorsey felt that the situation generally has deteriorated markedly in the past six months in this area.

Mr. Gay, who had recently visited the Middle East, observed that the question of the status of the West in the Middle East currently is very much in the minds of the people of the area, perhaps influenced by a recent prediction of a visiting Arabist that Western interests would be expelled from the region within a decade. On the other hand he noted legislative developments which might be regarded as favorable to Western investors.

Mr. Beeley generally agreed with Mr. Dorsey's appraisal.

The British expressed the view that a pact between Turkey and Pakistan would improve the security of the area although perhaps raising other problems.

The new Turkish Petroleum Law was mentioned as a favorable economic development in the area, and also the recent Egyptian agreement with the oil companies.

IX. Soviet Oil

A. Soviet objectives in expanding sales

According to Mr. Beeley, the British generally expect Russian oil sales to reach an annual rate of about four million tons. They believe that the main purpose of the sales is to earn currency.

B. US-UK Government position on question of their nationals being forced by local governments to handle and/or market Soviet oil

In the Middle East, Egypt and Israel are the only two countries which have been affected by the Russian oil sales. In regard to Egypt, Mr. Beeley indicated that Shell had decided it would have to handle Russian oil but was going to resist the acceptance of any Rumanian oil. Shell felt this position was necessary because of the nationalization without compensation of Shell's properties in Rumania. Shell will agree to handle Russian oil but only under duress. It will not, however, as first proposed, invite a formal directive from the Egyptian Government requiring it to handle the oil because it was decided that that would be a bad precedent to establish. The British Government has decided to protest to the Egyptian Government not against the origin of the oil but against a British company being compelled against its wishes and contrary to its commercial interests to handle foreign oil that displaces its own production. (Subsequently, the Department was informed by a representative of the British Embassy that the U.K. had decided not to make a formal protest. See memorandum of conversation dated April 14, 1954 on the subject "British Position in Regard to Soviet-Egyptian Oil-Cotton Barter Deal.") There was some discussion of whether or not this protest had a legal foundation in international law, and the British indicated that insofar as they knew it was not founded on law. They mentioned that they were less inclined to tie such protests to international law than we were.

In Israel, Consolidated Refineries, Incorporated, a wholly owned British company, has been pressed by Israel to refine Russian crude oil, and it was decided under the terms of the company's original agreement with Israel on establishment of the refinery, which provided that the refinery would refine up to 200,000 tons annually for the Israeli Government, Consolidated had no basis upon which to refuse. At the present time Consolidated Refineries has an agreement with the Israel Fuel Corporation to refine 100,000 tons of Russian crude oil.

On the American side, Mr. Armstrong outlined a number of general views on this question. He indicated that we naturally do not like to see Russian oil forcing American oil out of markets. At the present time, however, the quantities are relatively small compared with the oil moving in international trade. It would seem reasonable to expect, however, that the U.S. would view a large expansion of Soviet oil sales with concern. When a barter deal has been concluded between a country in which American oil companies do business and Russia, it was our feeling that the oil companies had to decide for themselves whether or not to handle the Russian oil. Mr. Eakens mentioned that in the case of Egypt the American Embassy felt that the best course for the oil companies to follow was to handle the Russian oil. In that way the oil would be absorbed in a fashion which would least upset the market and it is always hoped that the deal would not be renewed. The Danish case was reverted to at some length, and it was pointed out that in that case where the country was not in balance-of-payments difficulties the U.S. had protested on grounds of general commercial policy. On the legal side, Mr. Metzger indicated that thus far there had not seemed to be any legal basis for protest against Russian oil sales. He expressed the view that in general the courts hold that under nationalization title passes and an international wrong has been done calling for compensation. He questioned, however, the strength of a legal case which might be made on the basis of confiscated oil.

C. Security aspects, if any, to West of expanding Soviet oil sales

Mr. Beeley indicated that the British thus far were not greatly worried on the security side. Mr. Brook added, however, that if the Russian sales continued to expand it would give the Russians reserve capacity which they could call upon in an emergency.

All agreed that Soviet oil sales could be a problem if the quantity reached large proportions, and that this is a question that the U.S. and U.K. should keep in touch on when and if new cases arise.

At the close of this session all representatives on both sides agreed that the discussions had been very useful and that similar meetings should again be held in about six months. October 1 was agreed as the date for the two sides to check with each other on the holding of the next talks.

No. 339

886A.2553/4-1654

The Secretary of Defense (Wilson) to the Secretary of State [1]

SECRET WASHINGTON, April 16, 1954.

DEAR MR. SECRETARY: I should like to call your attention to the prospective conclusion of an agreement between the Saudi Arabian Government and the A. S. Onassis Company with respect to transportation of Saudi Arabian produced oil, as reported in American Embassy Jidda cable number 333 of 6 February 54. [2] The Secretary of the Navy has analyzed the possible effects of this agreement on U.S. security interests and has reported to me the results of this analysis in a letter of 18 March 54, a copy of which I inclose. You will note that he considers the agreement, the full details of which are not available, could operate to limit the number of U.S. Government tankers which could lift oil from Saudi Arabian fields, could prevent the replacement of any of these tankers, prevent the use of additional tankers in an emergency and as a result place virtual control of this source of oil for the Armed Services in the hands of a foreign shipping enterprise. You will further note that he recommends that the Secretary of State obtain the assurance of the Saudi Arabian Government that any agreement it may make will not affect the transportation of oil by vessels operated by or under the control of the Military Sea Transportation Service (MSTS). The Joint Chiefs of Staff have expressed a similar concern and have likewise recommended that the Saudi Arabian Government be asked for suitable assurances.

I share fully the concern of the Secretary of the Navy and the Joint Chiefs of Staff as to the unacceptability of such limitations placed upon transportation of Saudi Arabian oil in U.S. Government vessels, and I therefore request that you approach the Saudi Arabian Government with a view to obtaining binding assurances that the agreements reported will not operate to place any restrictions upon present or future arrangements for lifting of oil for the U.S. Armed Forces in ships controlled or owned by the U.S. Government.

Your early attention to this matter is requested.

Sincerely yours,

C. E. WILSON

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[1] The source text was attached to a memorandum by Cottman to Hadsel, dated Apr. 20, not printed. The memorandum stated that the letter from the Secretary of Defense was transmitted for the preparation of an appropriate reply for Murphy's signature and requested a copy of the reply by close of business on Apr. 23. (886A.2553/4-1654)

[2] Document 329.

[Enclosure]

[WASHINGTON,] March 18, 1954.

MY DEAR MR. SECRETARY: I refer to a recent State Department telegram (American Embassy Jidda No. 333) which reported the prospective conclusion of an agreement between the Saudi Arabian government and the A. S. Onassis Company concerning the transportation of Saudi Arabian produced oil. This agreement if consummated and put into effect might seriously interfere with the transportation of vitally needed Saudi Arabian produced oil for the U.S. Armed Services and thus is of serious concern to the Navy.

Although the full text of the new agreement is not presently available, the basic terms provide that transportation of Saudi Arabian oil (produced by the American Arabian Oil Company (Aramco) and the Pacific Western Oil Company) would be limited to (a) tankers now owned by the companies or by concession companies and employed in transport of oil prior to December 31, 1953, and (b) in tankers of the Saudi Arabian Maritime Company which is presumably a newly formed joint Onassis-Saudi Arabian government company controlling the Onassis owned tankers. That portion of the agreement available does not refer to U.S. government owned tankers.

At the present time the Military Sea Transportation Service (MSTS) each month lifts from 27 to 30 tanker loads of Saudi Arabian produced oil products from the Persian Gulf ports of Bahrein and Ras Tanura. The tankers employed in this lift are MSTS owned and contract operated. All but one are of the T-2 type (capacity 118,000 barrels), built in World War II. While the application of the agreement is not clearly defined, it could be interpreted to affect the current employment of MSTS tankers in any one of several possible ways: (a) To bar all MSTS tankers from lifting Saudi Arabian oil; (b) to place MSTS tankers on the same basis as oil company tankers and thereby prevent the replacement of obsolete vessels as they are withdrawn from service or to prevent the addition of other tankers for the lift in case of an emergency; or (c) as having no effect on MSTS operations, as the agreement could be construed to pertain only to vessels controlled by private oil companies or shipping companies. Interpretations (a) or (b) above would seriously affect the transportation of oil for the Armed Services both in peace or war and could result in the placing of virtual control of this source of Armed Services oil at the will of a foreign shipping enterprise.

I therefore recommend that you bring this matter to the attention of the Secretary of State, noting the concern with which the Department of Defense views any agreement which could interfere with the existing arrangements for transporting vitally needed Saudi Arabian oil products for the use of the U.S. Armed Services. It is my view that the Department of State should obtain the assurance of the Saudi Arabian government that any agreement it may make in the premises will not affect the transportation of oil by vessels operated by or under the control of the Military Sea Transportation Service.

Sincerely, R. B. ANDERSON

No. 340

886A.2553/4-1654

The Acting Secretary of State to the Secretary of Defense (Wilson)[1]

SECRET WASHINGTON, April 24, 1954.

DEAR MR. SECRETARY: I refer to your letter of April 16, 1954,[2] regarding the reported agreement between the Saudi Arabian Government and the A. S. Onassis Company and the possible effects of implementation of the agreement upon the Navy's interest in transportation of Saudi Arabian oil.

I fully appreciate and share your concern, and that of the Secretary of the Navy and the Joint Chiefs of Staff, over implications of the reported agreement as they affect United States interests. The Department has therefore authorized our Ambassador at Jidda to represent our interest in this matter to the King of Saudi Arabia and to endeavor to obtain an assurance that the transportation of Saudi Arabian oil by vessels operated by or under the control of the Military Sea Transportation Service will remain unaffected by any agreement which the Saudi Arabian Government may make.[3]

Sincerely yours, For the Acting Secretary of State:

ROBERT MURPHY

Deputy Under Secretary

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[1] This letter was drafted by Jernegan on Apr. 23.

[2] *Supra.*

[3] Telegram 303 to Jidda, repeated as 179 to Dhahran, Apr. 23, not printed. The concluding paragraph informed the Ambassador the Department of State did not want the King to gain the impression the United States would be willing to see damage to Aramco only if the Navy were protected and suggested the Ambassador might want to consult with Aramco officials and then report to the Department before approaching the King. (886A.2553/4-2354)

No. 341

886A.2553/4-2554: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET PRIORITY JIDDA, April 25, 1954—9 a. m.

442. 1. Following is text Royal Decree No. 6/6/3/5737 of April 9 (as carried in *Al Bilad Al Saudiyah* April 23) ratifying agreement negotiated between Minister Finance and A. S. Onassis for formation Saudi Arabian Maritime Company and Transport Saudi Oil (Embtel 439, April 20 and previous): [2]

> "We Saud Ibn Abdul Aziz Ibn Abdul Rahman Al Faisal Al Saud King of Saudi Arabian Kingdom relying on God and being acquainted with agreement consisting of sixteen clauses and two exchange letters enclosed with agreement which had been signed by our order in Jidda on date 15/5/1373 corresponding to January 20, 1954 between our Finance Minister and A. S. Onassis on behalf himself (Onassis) and companies which he represents have ordered following:
>
> First article: We confirm above said agreement which is enclosed with this decree and we order it be put into effect on date of our decree.
>
> Second article: Deputy President of Council of Ministers will execute this decree.
>
> Issued from our Palace in Riyadh on sixth Shaban 1373 corresponding to April 9, 1954".

2. Aramco Vice President Duce with whom I discussed decree today has telegraphed following comment to Board Chairman Davies Dhahran:

> "In my view this matter is of critical importance not only to us but to whole industry.
>
> I presume we shall shortly receive from SAG due notice regarding enforcement this decree and that full text Onassis contract will be made available.
>
> I believe that if contract says what we have reason to believe it says we should consider notifying SAG we may be forced to cut

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[1] Repeated to Dhahran.

[2] Not printed. (886A.2553/4-2054)

back production to amount which can be lifted by parent company tankers."

. . . .

3. Deptel 303 April 23 [3] was received after foregoing drafted. Will consult further with Duce before replying.

WADSWORTH

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[3] Not printed, but see footnote 3, *supra*. Telegram 445 from Jidda, Apr. 26, informed the Department of State the Ambassador had called at the Saudi Arabian Foreign Office on that day to request official copies of the Onassis agreement and express his misgivings about it. (886A.2553/4-2654)

No. 342

886A.2553/5-154: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET NIACT DHAHRAN, May 1, 1954—6 p. m.

164. Re first sentence Department telegram 180, April 28 to Dhahran. [2]

1. On April 29 I discussed Deptel 179, April 23 [3] with Aramco executives Davies, Ohliger and Owen. We reviewed recent developments and past instructions and concurred desirability my handing King written communication as follows: "I am directed by my Government to inform Your Majesty that, on basis of what it has learned about the so-called Onassis tanker agreement, which was confirmed by Your Majesty's decree of sixth Shabat, my Government is concerned over its effects on American interests, both those of private American companies and those of American national defense.

I am to refer in particular to the apparent stopping of United States Government tankers (specifically those operated by or under the control of the Maritime Sea Transport Service of the American Navy) from lifting at Ras Tanura oil from Saudi-Arabian fields; and I am to request Your Majesty's assurance that the transportation of such oil by these tankers will not be affected by this agreement.

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[1] Repeated as telegram 331 to Jidda.

[2] Not printed; it informed the Embassy that since the Department of State did not have the text of the Onassis agreement, it was not able to elaborate on the instructions it had already transmitted to the Ambassador. (780.022/4-2754)

[3] This was the same as telegram 303 to Jidda, not printed, but see footnote 3, Document 340.

I am to state also that my Government shares the opinion of Aramco, as already communicated to Your Majesty's Government, and of other interested private American companies that this agreement is not in keeping with the Aramco concession agreement with Saudi Arabia".

2. King received me April 30 and, after greetings, permitted me, as is customary, enumerate subjects I wished discuss. He replied would first discuss Onassis matter, whereupon I suggested Prince Faisal read him Arabic translation my communication. This was done. (*Note:* King's weak eyesight does not permit him read ordinary type.)

3. King replied "the Ambassador is right in bringing this to me." He then stated emphatically (and later reiterated) "United States Navy tankers are unaffected by this agreement." [4] He seemed to be addressing Prince Faisal and royal Councilors Khalid Gargoni and Jamal Hussain, only other Saudi officials present, as well as me. (*Note*: Aramco has reports that in Council discussions Faisal, Finance Minister Sulaiman and Commerce Minister Ali Reza supported Onassis agreement, whereas Royal Councilors Gargoni, Hussain and Sorur opposed it.)

4. King continued, in substance: as to interests of private companies, SA would fulfill obligations it had assumed; where no obligations lay, it would, in exercise of sovereign rights, act as it deemed best in national interest. He spoke with some heat and, I thought, irritation—not with me but rather, I surmise, because whole matter was distasteful to him.

5. I replied by urging that Aramco have full hearing to present its views, those of other interested American companies and broader considerations which had occasioned concern in high circles world oil industry. In ensuing brief discussion King again made his position clear. While he would regret have to pursue subject, door was always open to Aramco; he would not violate national obligations but, where there were none, he would not hesitate do anything advantageous SA; "this any country would do"; action had been complex.

6. I thanked King both for his assurance that US tankers were unaffected by agreement and for full exposition his position but added that I hoped, if tanker export should fall off materially, Aramco would not be blamed. King replied in substance that, if by will of God this loss occurred, Aramco would not be blamed; but if

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[4] Despatch 384 from Jidda, May 17, transmitted a translation of an undated *aide-mémoire* received by the Embassy on May 12, confirming the King's promise. The *aide-mémoire* also stated that Aramco tankers would not be affected but, according to the despatch, that statement had little significance since Aramco neither owned nor chartered tankers. (886A.2553/5–1754)

it were found to be Aramco's fault, appropriate action would be taken promptly.

7. During later conversation with Gargoni and Hussain on other matters I suggested I could better report to Department re Onassis matter were I to have copy agreement. They promised "submit request to King and send his reply tomorrow".

8. I shall discuss foregoing with Aramco officials and report reactions.[5]

WADSWORTH

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[5] Telegram 165 from Dhahran, May 3, reported Aramco officials appreciated the Department of State position that the Onassis agreement was not in keeping with the Aramco concession agreement. (886A.2553/5-354)

No. 343

886A.2553/5-1254

Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula-Iraq Affairs (Fritzlan)

CONFIDENTIAL WASHINGTON, May 12, 1954.

Subject: The Onassis Agreement

Participants:	*British Embassy*	*State Department*
	Mr. Brook	NE—Mr. Mart
	Mr. Bailey	NE—Mr. Dorsey
	Mr. Druitt	NE—Mr. Fritzlan
	Mr. Bullmore	L/E—Mr. Metzger
		PED—Mr. Eakens
		TRC—Mr. Falck

Mr. Brook opened the discussion by saying that the British Government was most unhappy over the [Onassis] agreement as it was understood from reports and rumors received. He mentioned in this connection that the British shipping interests had made strong representations to the Government. He said it was not entirely clear that any British interest was directly involved, but nevertheless, the British had strong objections to this type of agreement based on:

(1) The establishment of an undesirable precedent which could be used by other oil-producing countries;

(2) The agreement as reported was believed to be a breach of unwritten law to the extent that it denied a generally accepted fact that title to oil following production passes to the company concerned which should then be free to dispose of it; and

(3) The important maritime issue, i.e., flag discrimination is involved and this is of special interest to the U.K.

The Department's representatives expressed their general concern over this matter and reviewed Ambassador Wadsworth's recent representations to King Saud made on instruction by the Department and the King's reaction (Dhahran's telegram 164 of May 1, 1954).[1]

Mr. Hart expressed the view that Aramco's parent companies would refuse to comply with the terms of the agreement and wondered if the economic implications of the agreement could be carefully worked out and brought to the King's attention in order to show him how implementation of the agreement might well produce severe cuts in sales and hence a reduction in production and royalties.

There was some discussion of the ability of the company to carry out a policy of reducing production in the face of determined opposition of a sovereign government and the various sanctions at its disposal.

It was generally agreed that it would be desirable to have studies made of the legal and economic implications of the agreement and that a renewal of representations to the Saudi Arabian Government should be considered. There was also general agreement that such representations would be more forceful if made simultaneously by ourselves and the British, although perhaps along somewhat different lines.

It was agreed that efforts should be renewed to obtain a copy of the agreement in order to make the necessary studies and that the Department and the Embassy should keep in touch on this matter.

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[1] *Supra.*

No. 344

886A.2553/5-1554: Despatch

The Chargé in Saudi Arabia (Jones) to the Department of State

CONFIDENTIAL JIDDA, May 15, 1954.

No. 372

Ref: Embassy Despatch 315, March 16, 1954, subject "Aramco Price Negotiations with Saudi Arabian Government".[1]

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[1] Not printed; it reported speculation by an Aramco official that negotiations with Saudi Arabia might not be resumed until June. (886A.2553/3-1654)

Subject: Resumption of Saudi-Aramco Oil Pricing Negotiations.

Oil pricing negotiations between Aramco and the Saudi Arabian Government were resumed in Riyadh on April 24. Saudi Arabian Government officials participating in the discussions were as follows:

Crown Prince Feisal, Deputy President of the Council of Ministers.
Shaikh Yusuf Yassin, Deputy Minister of Foreign Affairs.
Khalid Bey Gargoni, King's Counselor.
Abdullah Turaiqi, Director of Petroleum Supervisory Office, Ministry of Finance.
Ahmed Musa, (Egyptian) Legal Adviser of Foreign Ministry.

The Aramco participants were as follows:

Mr. Fred Davies, Chairman of Board of Directors.
Mr. F. W. Ohliger, Vice President for Concession Affairs.
Mr. R. I. Brougham, Vice President (Finance)
Mr. Garry Owen, Representative to the Saudi Arabian Government.
Mr. W. Spurlock, Associate Counsel for Aramco.
Sabha Habashai, Legal Adviser.

1. April 24 Meeting of the Full Committee.

Prince Feisal opened the meeting and gave a very friendly talk emphasizing the necessity of cooperation between the Saudi Arabian Government and Aramco for their mutual benefit. After the conclusion of Prince Feisal's speech, Shaikh Yusuf, who according to Mr. Owen "carried the ball" for the Saudi Arabian Government in the discussions, analyzed the Company's letter to the Government of October setting forth the Company's new proposals (see Embassy Despatch No. 142 of October 11, 1953 [2] on the subject "Aramco's 'New Proposals' "). The Department will recall that in this letter Aramco undertook to bill offtakers for all deliveries for export on the basis of posted prices at Ras Tanura. Shaikh Yusuf's comment on the new proposals was that they were "acceptable with some minor modifications".

Shaikh Yusuf then suggested that a discussion be initiated regarding the retroactive claims of the Saudi Arabian Government in connection with past sales to offtakers at the discount price. Shaikh Yusuf said that there was no need for either side to restate its arguments in support of its own position, since this ground had been thoroughly covered in past discussions. Prince Feisal thereupon proposed that a subcommittee be appointed, the terms of reference of which would be "to consider the question of the past and how to settle it". Again Prince Feisal's remarks were friendly and conciliatory and emphasized the necessity of a spirit of compromise on both sides in order to settle the issue.

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[2] Document 314.

It was agreed that the subcommittee would be established, the members of which would be as follows:

SAG officials:

Khalid Bey Gargoni
Mohammed Suroor
Abdullah Turaiqi
Ahmed Musa (observer)

Aramco representatives:

Garry Owen
R. I. Brougham
W. Spurlock
L. McClaskey (Chief Accountant, New York office)
D. J. Fullerton
Hafiz Baroud

2. April 25 Meeting of Subcommittee.

Khalid Bey Gargoni opened this meeting of the subcommittee with the statement that the Saudi Arabian Government did not wish to "cause harm to Aramco"; however, it considered its claims to be just and its rights to be clear. As an indication of its spirit of compromise the Saudi Arabian Government would be willing to permit Aramco to pay the retroactive claims of the Government in installments over a period of several years.

Mr. Owen commented that the Saudi proposal as advanced by Khalid Bey whereby the Company would pay the Saudi claim in installments was not a compromise. He added that the company had taken several steps forward in the past to meet the Saudi position and that it was now time for the Saudis to make the next move.

Khalid Bey agreed that the Saudi Government would make a new proposal and the meeting adjourned.

3. May 5 Meeting of Subcommittee.

Prince Feisal called a meeting of the subcommittee on May 5. After the meeting was open, Khalid Bey gave the Company representatives a memorandum stating that the primary question pending was the "termination of the Company's profits" from Jan 1, 1950, to June 30, 1953. It was also stated that the subcommittee was appointed to ascertain from the Government what its claims were. The Government's claim was for a sum computed on the following basis: The difference between the posted ($1.75) and discount ($1.43) prices multiplied by the total production during the period cited and then halved (to accord with the 50–50 profit sharing principle). This amounted to 148 million dollars. The memorandum went on to express the conviction that agreement could be reached on the terms for the payment of this amount.

Mr. Owen expressed his disappointment at the proposal. He again reiterated that the willingness of the Saudi Arabian Government to accept payment of its full claim in installments was not a "compromise". He then asked if he should tell Mr. Davies that the SAG refused to make any compromise proposal. Khalid Bey replied that he must ask his colleagues before making a reply to Mr. Owen's question and the meeting adjourned.

While Aramco has no definite information on the point, it anticipates that further meetings will not take place until after the end of Ramadan (June 4).

J. JEFFERSON JONES, III

No. 345

886A.2553/5-2654

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

CONFIDENTIAL [WASHINGTON,] May 26, 1954.

Subject: Recent Tanker Agreement Between Mr. Onassis and the Saudi Arabian Government.

Participants: Mr. Aristotle Socrates Onassis, Shipping Magnate and Owner of the Saudi Arabian Tanker Co., Ltd.
Mr. Thomas Pappas, Asst. to Mr. Spyros Skouras, Head of 20th Century-Fox Films
Mr. Henry A. Byroade, Assistant Secretary, NEA
Mr. Parker T. Hart, Director, NE

Note: The following conversation resulted from a suggestion made to Mr. Byroade by Mr. Spyros Skouras of 20th Century-Fox Films, who indicated that Onassis was concerned over the reaction to his agreement with the Saudi Arabian Government and desired to be heard by the State Department on this subject.

Mr. Onassis reviewed the background of shipping developments since World War II which had culminated in his agreement with the Saudi Arabian Government. The war years had brought home to many countries their vulnerability in the face of the monopoly of commercial shipping enjoyed by the few great maritime nations, especially as these nations suffered heavy shipping casualties. Numerous states which had hitherto relied upon such shipping for their necessary trade were driven to the conclusion that they must henceforth have fleets of their own. Other states which did not require merchant fleets but which were emerging as new members of the world community, felt the nationalistic urge to have vessels operating under their own flags. Such was the case of Saudi Arabia following the example of other states such as Egypt. Mr. Onassis had recognized immediately the threat which such a movement posed to his own and to the oil companies' shipping interests. He had warned the oil companies that they could not expect to enjoy indefinitely a monopoly of offtakings from the producer countries where they enjoyed concessions. As the big companies ignored these warnings, Onassis felt obliged to move to protect himself as the tanker market became depressed. He had been approached at Monte Carlo by Saudi Arab leaders to conclude an agreement with the Saudi Government which would provide Saudi Arabia with a tanker fleet. He had attempted for some time to argue that Government out of the idea but finally gave in and agreed to negotiate when he realized that should he not do so, Saudi Arabia would move to conclude an agreement with one of his competitors. While negotiating at Jidda, he recognized that the type of contract which the Saudi Government desired was one which would give rise to considerable resentment by the oil companies and by other shipping interests. He therefore attempted to have a provision inserted in the text that the Saudi Arabian Tanker Company Ltd. enjoy only a specified share of the total offtake of oil from Saudi Arabia. This was rejected by the Saudi negotiators, who insisted on the provisions of Article 4. In the end, Mr. Onassis lost his attempts to create a more flexible agreement and signed in order not to lose the contract entirely.

Mr. Byroade asked whether Mr. Onassis had given full consideration to the widespread resentment which would result from a monopolist move of this nature. Mr. Onassis responded that the agreement provided for no monopoly whatsoever. Despite the terms of Article 4, sub-paragraph a, offtaking oil companies or their buyers could replace obsolete ships in the oil movement from Saudi Arabia. (*Note:* This interpretation does not appear justified by the text of Article 4 of the agreement, nor by the official interpretation of the agreement, dated May 18, 1954, and published by the Saudi Government in the May 19th edition of *Al Birad Al Saudiyah.*)[1] Mr. Onassis asserted categorically that the terms of his agreement with the Saudi Arabian Government were not to be taken too literally and that he was prepared to use considerable latitide in their interpretation. Furthermore, he was prepared to re-negotiate the terms of this agreement to the extent necessary to satisfy the United States Government and the major oil companies, subject to the limitation that he would not "double cross" the Saudi Arabian Government. He personally owed his start in life to the oil companies and was not unmindful of his debt. He intimated that he would be prepared to again urge upon the Saudi Government the acceptance of a provision limiting offtaking by the Saudi Arabian Tanker Company Ltd. to a percentage of the total offtake from the country. Presumably this would be proportionate to the foreseen size of the Saudi tanker fleet, 500,000 tons, and would insure that this amount of shipping was kept fully occupied. With respect to tanker rates, he indicated a willingness to be flexible in the absence of any true U.S. Maritime Commission rate and the fact that market rates were well below the last published Commission rate.

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[1] Not found in Department of State files. The earliest copy of the Onassis-Saudi Arabian agreement found was transmitted by despatch 319 from Kuwait, May 29, not printed. It contained the text of the original Jan. 20 agreement and the Apr. 7 amendments. (886A.2553/5–2954) Additional copies of the agreement, transmitted in despatches from Jidda and London, are in Department of State file 886A.2553.

Throughout the conversation Mr. Onassis gave the impression of being a man who is in a tight spot who wishes to make an accommodation to save himself further ill-will. He made brief reference to the indictment against him.

Mr. Byroade thanked Mr. Onassis for his explanation and indicated that he would have to discuss the points raised by Mr. Onassis with a number of other people in order to obtain clarification of their significance.

Note: On the following day, May 27, 1954, it was reported by Mr. James Terry Duce, Vice President of Aramco, that Onassis was that day consulting with Aramco at its offices in New York.

No. 346

780.022/5-2754

Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula–Iraq Affairs (Fritzlan)

SECRET [WASHINGTON,] May 27, 1954.

Subject: (1) Buraimi Dispute; (2) Onassis Agreement

Participants: Mr. Duce, of Aramco
Mr. Chapman, of Aramco
NEA—Mr. Byroade
NE—Mr. Hart
NE—Mr. Fritzlan

(1) Buraimi Dispute

Mr. Byroade expressed to the Aramco representatives our grave concern over developments in the Buraimi issue.[1] He said we were feeling increasingly at a disadvantage because we did not have a full understanding or appreciation of British objectives in the Persian Gulf area. He added that he planned shortly to go into this matter with the British Embassy and take a firm line. He was prepared to say that while we had backed them up to a great extent on the Buraimi issue in the past, we felt we must now know more precisely what their policies and objectives were in the area in order that our own long-term policy could be formulated accordingly.

Mr. Duce expressed appreciation and repeated the statement made often by Aramco representatives that the present critical stage of the dispute had been arrived at only because of British insistence to continue operations in the disputed area while Aramco has continued to maintain a policy since the Stobart incident in 1949 of not entering the disputed area.

(2) Onassis Agreement

Mr. Byroade stated that he had had recent talks with Mr. Skouras, movie producer, who is generally interested in the welfare of Greeks in the United States, concerning the Onassis agreement. It has been clear from these talks that Mr. Onassis is rather worried about implications of the agreement and would like to reach an understanding with the oil companies. Mr. Byroade mentioned that he had obtained a copy of the agreement[2] and had recently decided to take advantage of an opportunity to talk to Mr. Onassis. This he and Mr. Hart had done the previous day, and during the discussion Mr. Onassis indicated readiness to attempt to renegotiate the agreement if a formula could be worked out which would appease the oil companies without laying him open to the charge of breaking faith with the Saudi Government. In this connection he intimated he would be prepared to urge the Saudis to agree to a provision limiting his total offtake to a certain percentage. In any event, Mr. Onassis was prepared to give liberal interpretation to the agreement and in this regard he stated that it was his understanding that Article 4 of the agreement would not preclude replacement of tankers presently in use. He stated further that the provision in the agreement regarding rates was more or less fictitious and should not be considered necessarily binding.

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[1] For documentation on U.S. interest in the British-Saudi Arabian dispute concerning Buraimi, see Documents 1466 ff.

[2] See footnote 1, *supra*.

Mr. Duce was happy to receive this information and stated that at this moment Mr. Onassis, on his own initiative, was discussing his agreement with Aramco representatives.[3]

Mr. Byroade suggested that Aramco consider the possibility of coming to some arrangement with Mr. Onassis, since it appeared that they were to some extent at his mercy. Mr. Byroade stated further that our legal people were doubtful that Aramco had a good case on the matter of the Onassis agreement conflicting with the terms of their concession agreement.

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[3] An Aramco official reported to the Department of State that Onassis had been friendly and conciliatory at his meeting with Aramco representatives. He also reported information from Aramco representatives in Saudi Arabia that the Onassis agreement had been amended. (Memorandum of conversation, June 2; 886A.2553/6-254)

No. 347

887.2553/6-2454

Memorandum of Conversation, by the Chief of the Petroleum Policy Staff (Eakens)

OFFICIAL USE ONLY [WASHINGTON,] June 24, 1954.[1]

Subject: Negotiation of New Group Agreements by Participants in the Iraq Petroleum Company.

Participants: Mr. Charles F. Darlington, President, and Mr. Charles L. Lockett, Vice President, Near East Development Corporation
NE—Mr. Dorsey
NE—Mr. Gay
NE—Mr. Fritzlan
PED—Mr. Eakens

Mr. Darlington stated that the purpose of their visit was to inform the Department about certain impending developments with respect to the negotiation of new group agreements by the participants in the Iraq Petroleum Company. These new agreements, which are five in number, are expected to be signed by Mr. Gulbenkian in Lisbon next week, thereby bringing them into operation. They have been under negotiation with varying degrees of intensity for two or three years. In addition to correcting certain technical and administrative provisions, which in practice gave rise to certain difficulties, the new agreements provide the machinery for implementing the 1952 IPC agreement with Iraq. In so doing, the new agreements provide for the purchase and sale of rights to oil within Iraq by subsidiaries of the participating companies. In the purchase and sale of these rights, the subsidiary companies realize a profit between the border price of 94 shillings per ton and cost of 13 shillings per ton, which is subject to the 50–50 agreement.

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[1] This memorandum of conversation was prepared on June 29.

One new feature in the new group agreements is the provision which is made for the disposition of surplus oil. Up to the present time there has been no provision for surplus oil. Companies were required to nominate five years in advance the quantities of oil which they were prepared to take and it was that duty of the IPC management to make the necessary investments and other arrangements in order to produce the nominated quantities of oil. It has been found in practice, however, that the management, acting conservatively and not wishing to be caught short, has always expanded facilities to a level more than sufficient to produce the quantities of oil which the participating companies nominated five years previously. Under the new group agreements, if excess oil is available and one or more of the participating companies wishes to take it, the terms and conditions under which such oil may be taken are now set forth.

Mr. Gulbenkian's 5 per cent interest has represented a special problem from the standpoint of the other companies in regard to implementing the 1952 IPC–Iraq agreement. All of the participating companies plan to set up local subsidiaries in Iraq which will pay royalties of 12½ per cent on the oil which they take, and in addition, taxes sufficient to total 50 per cent of the subsidiary's profit. In turn, the parent companies expect to receive a tax credit for the amount so paid the Iraq Government as taxes against the taxes due the country of their incorporation. Since Mr. Gulbenkian neither takes Iraq oil nor pays income taxes to any jurisdiction, there is no advantage to him in having any payments made to Iraq on a tax basis. At the outset he took the position that the whole 50 per cent of the profit which would be paid to the Iraq Government should be paid as royalty and that if payments were to be made in any other way and the other participating interests should realize any benefits therefrom, he should share proportionately in those benefits. Recognizing that Mr. Gulbenkian was in a position to block the other participating interests from going the tax route, those interests agreed in principle to share proportionately with Mr. Gulbenkian any benefits which they derived from going the tax route. One of the five new group agreements takes care of this problem.

Another interesting point which came out in the discussion was the position of Compagnie Francaise des Petroles with respect to tax credits. Under French income tax laws, there is no provision for a tax credit being obtained by a French company for taxes paid in a foreign jurisdiction. The French representatives made this point in the U.S.-French oil talks in December 1953, and went on to leave the impression that this put CFP at a disadvantage compared with the other IPC participants in the sale of Iraq oil. The NED representatives pointed out that far from being at a disadvantage, CFP has been the beneficiary of an arrangement for some time (it is believed since 1952) that is roughly as favorable to CFP as a 100 per cent tax credit to the other IPC participants. Under the arrangement, the French Government agreed to allow CFP to organize a North African company domiciled in Casablanca through which its interests in Iraq would be handled. The North African subsidiary of CFP, while not receiving a tax credit, will in fact, however, pay only a very nominal income tax, believed to be 2 per cent, to the North African Government, thereby discharging in their entirety all of CFP's income tax obligation on its operations in Iraq.

A point involving IPC's operations which heretofore had not been completely clear concerns the price at which the participating companies acquire oil from the Iraq Petroleum Company. It has always been provided that such price of acquisition would be cost plus 1 shilling per ton. The extra shilling per ton is a payment made by the participating companies to the Iraq Petroleum Company outside of Iraq and hence is in no way involved in the transactions of the participating companies or IPC with the Iraq Government. Mr. Darlington thought this was a device for ensuring that IPC paid at least a nominal income tax to the U.K.

The NED representatives described at some length the mechanism now being used by the participating companies in making their payments to the Iraq Government. The payments for both royalties and taxes are now made quarterly, 30 days after the end of the quarter, by the Iraq Petroleum Company, which obtains a receipt for such payments. Hence, both tax and royalty payments to the Iraq Government are more or less up-to-date and current at all times. The receipts for such payments obtained by IPC are turned over to the participating companies who, when their tax payments fall due in April of the following year, utilize the tax receipts in the final discharge of the obligations.

The NED representatives undertook to supply the Department with two copies of each of the five new group agreements when they had been finalized and put into effect.

No. 348

886A.2553/7-754

Memorandum of Conversation, by Nez Hallett of the Office of Near Eastern Affairs

CONFIDENTIAL [WASHINGTON,] July 12, 1954.

Subject: Onassis Agreement and Pacific Western Oil Company

Participants: Mr. Hadfield, Representing PWOC
PED—Mr. Eakens
L/E—Mr. Metzger
NE—Mr. Gay
NE—Mr. Hallett

Mr. Hadfield called upon the Department at his request to ask the Department's position concerning Pacific Western reaching an agreement with Onassis to transport oil produced in the Saudi portion of the Saudi-Kuwait Neutral Zone. He said at the moment there was a preliminary oral agreement.

The oral agreement provides that beginning in October 1954 the recently launched King Saud (47,000 tons) will make three trips for Pacific Western, two to the West Coast of the United States and one to the East Coast. He said that the rate would be United States Maritime minus twenty percent for the first 30,000 tons and anything above that without charge. He believed that Pacific Western could load up to 40,000, which would bring the average discount to about 40 percent.

Mr. Hadfield stated that the agreement once signed was binding on Pacific Western unless Onassis reached an agreement with Aramco before the first shipment or at any time prior to the completion of the third shipment.

Mr. Hadfield was advised that since the United States Government has made representations to the Saudi Government to the effect that the Onassis agreement appeared to be contrary to the Aramco concession and that this agreement was at the present time being given serious study in the Department, the Department would prefer to defer temporarily its reaction respecting Pacific Western's course of action. Mr. Hadfield was urged to ask the company not to go ahead with the agreement until he had an answer from the Department. Mr. Hadfield agreed that he would do so but that the company was under great pressure from Onassis.

At this meeting the opportunity was taken to discuss with Mr. Hadfield a draft letter he had sent to the Department on February 11, 1954. This "draft letter" was to the Saudi Arabian Finance Minister in answer to the Finance Minister's letter of January 23, 1954, advising the company of the Onassis agreement. In this letter the Company specifically pointed out that this agreement was in violation of the concession but further said that the company was agreeable to abide by it if rates were competitive. Mr. Hadfield said that this letter was dispatched to the Finance Minister February 15, 1954.

No. 349

886A.2553/7-1554

Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern Affairs (Dorsey)

SECRET [WASHINGTON,] July 15, 1954.[1]

Subject: Onassis Agreement

Participants: Mr. R. G. Follis, Chairman, Board of Directors, Standard Oil Co., Calif.
Mr. M. J. Rathbone, Director, Standard Oil Co., New Jersey
Mr. S. A. Swensrud, President, Gulf Oil Corporation, Pittsburgh
Mr. B. B. Jennings, President, Socony Vacuum Oil Co., New York
Mr. J. W. Foley, Vice Pres., The Texas Co., New York
Rear Adm. Thos. J. Kelly (Ret.), Washington representative, Socony
G—Mr. Murphy
NE—Mr. Dorsey

Mr. Murphy explained the Department's serious concern over the Onassis agreement. He welcomed this opportunity to meet with the heads of the Aramco parent companies in order to obtain their individual ideas on a possible solution to the problem. Messrs. Follis and Rathbone outlined the problem facing the parent or shipping companies and expressed concern that they would be faced with a virtual ultimatum to use an Onassis ship any time within the next six weeks. Mr. Jennings reiterated the Company's position as set forth to Mr. Jernegan several days before; viz. the parent companies would refuse to accede to the agreement and place cargo on any Onassis ship, although they realized the danger of subsequent shutdown and even possible nationalization.

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[1] This memorandum of conversation was prepared on July 20.

Further statements by members of the group brought out the following points: They wished to state their position openly to a responsible official of the Department in order to discuss it and make certain the Department had no objection to the position they were taking from the point of view of national interest. In view of the danger of imminent action by the Saudi Government, they asked the Department further to support their position by immediate diplomatic representations . . . .

. . . .

Mr. Murphy replied that the Department shared the feeling of the companies that the agreement was a violation of its concession, and after discussion at high levels within the Department, it had been agreed that the companies' position be supported by representations to the Saudi Government. The Department of Defense agreed with this course of action. We were now concerned with the best time and manner in which to advance our point of view to the King.

Mr. Jennings expressed gratification for the Department's support. He said that although it had earlier been suggested that the Vice President go to the field to present our protests to the King, it was now felt that there were disadvantages to such a method and that the Department was better able to choose its own method.

Mr. Murphy stated that the Department's inclination was to make use of the services of our Ambassador whom it considered highly qualified to carry out the mission. He then went on to say that the Department would attempt to get a cable into the Ambassador's hands not later than the first of the following week, in which it would present its view and request that he take such action as he deemed most effective in presenting our position.

It was agreed that in general the companies would have no objection to the Saudi Government's ownership of a tanker fleet, provided that its operations were conducted on a competitive basis in the regular free international market and that no rebates were involved. Mr. Jennings noted that although absolutely no cargoes could be guaranteed, he felt a reasonable amount of business would be supplied to such ships. In reply to a question by Mr. Dorsey, Mr. Follis stated that he knew of no other companies which would be affected by the Saudi decree, but after some consideration remembered that notice of the agreement had been presented to the Pacific Western. He expressed the opinion that the Saudi Government would not consider important any action by Pacific Western in view of its size. He said, however, that the next time he saw an official of the company he would inquire as to their position. Mr. Dorsey remarked that in view of the several parent companies involved it would be easiest to maintain one central point of contact and assume that Mr. James Terry Duce of the Arabian American Oil Company continued to be the principal avenue of communication. This was confirmed by the officers of the parent companies.

No. 350

886A.2553/7-1654

Memorandum of Conversation, by the Officer in Charge of Economic Affairs, Office of Near Eastern Affairs (Gay)

CONFIDENTIAL [WASHINGTON,] July 16, 1954.

Subject: Pacific Western Oil Company and the Onassis Agreement

Participants: Deputy Under Secretary Murphy
Mr. Hadfield, Pacific Western Oil Co.
NE—Mr. Dorsey
NE—Mr. Gay

Mr. Hadfield, after referring to the letter of notification from the Saudi Arabian Government concerning the Onassis Agreement, [1] said Pacific Western's reply to the Saudi Arabian Government had pointed out that the Agreement contravened Pacific Western's concession and incorporated economically untenable terms, but that to the extent possible Pacific Western would cooperate with Mr. Onassis. Pacific Western received a response from the Saudi Arabian Government in April which expressed the hope that Pacific Western could come to agreement with Mr. Onassis.

Mr. Getty who owns 85% of the $20 million investment of Pacific Western met with Mr. Onassis in Paris and reached a "tentative" understanding. This understanding provides that Pacific Western will employ the Onassis vessel, *Saud I*, for three trips to the Western Hemisphere at rates substantially below those called for in the Onassis Agreement but still somewhat above the competitive level. If in the meantime Aramco comes to agreement with Onassis, Pacific Western is released from the commitment. After these first three loads on *Saud I* have been completed, Pacific Western would give Mr. Onassis forty-eight hours on all offers to meet other competition. Mr. Hadfield emphasized that his client, Mr. Getty, had much at stake and that this understanding offered him a chance to "buy our peace for $200,000", a price that is "not too high". Mr. Hadfield mentioned incidentally that he did not know if Onassis yet owns *Saud I* or how much money he might have paid on it.

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[1] Despatch 220 from Kuwait, Feb 7, informed the Department of State that Pacific Western had received the letter. (886A.2553/2-754) It was the same as the letter received by Aramco, referred to in telegram 333 from Jidda, Document 329.

Mr. Murphy asserted that the U.S. Government is taking a hard look at the Onassis Agreement and may make firm representations to the Saudi Arabian Government. The policies contemplated in the Agreement have important ramifications and wide acceptance of them would seriously affect international commerce. Mr. Murphy indicated that we would have no objection to the Saudi Arabian Government developing a merchant marine even with the collaboration of Mr. Onassis if the bad features of the Agreement were eliminated. It is the monopolistic and restrictive elements that are not attractive to us. He hoped Pacific Western would find it possible to cooperate in achieving our objective.

Mr. Hadfield noted that time "is of the essence" to Pacific Western, that Onassis representatives have been pressing him all week, that Mr. Getty has been under the same pressures in Paris and that Pacific Western hopes to finalize its position in a week or so. He wondered if its going ahead would hamper U.S. Government plans.

Mr. Murphy replied that to some extent it would hamper our plans and, to Mr. Hadfield's inquiry if he should try to have the decision deferred, further replied that it would be of help to us if Pacific Western would do this. Mr. Hadfield agreed to attempt deferment and was told we in turn would keep him informed of developments.

No. 351

886A.2553/7-1654: Telegram

The Secretary of State to the Embassy in Saudi Arabia [1]

SECRET WASHINGTON, July 16, 1954—7:37 p. m.
PRIORITY

16. 1. Aramco and parent company officials have approached Department at various levels indicating emergency in relation Onassis shipping agreement may arise any time during next 30 days either through Davies talks with SAG or Onassis requests for cargo. Present position is that parent companies will refuse cargo under terms Agreement although realize shut-down and possible eventual nationalization could result. Officials fully realize seriousness of step but agree must stand ground and have sought assurances that U.S. Government agrees and will support them. They request prompt diplomatic action. Pacific Western on other hand

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[1] Drafted by Gay, Jernegan, and Dorsey and cleared by PED, L, and TRC. Repeated to Tehran and London.

confidentially informed Department a) they have replied to Saudis' letter of notification that although Agreement contravenes concession rights they will do business Onassis if competitive rates offered and b) they about make deal Onassis covering three trips by *Saud I* to Western hemisphere at rates lower than Agreement level but slightly above present competitive rates. Department has requested Pacific Western hold off finalizing deal pending reply this telegram.

2. Department has replied to queries re our position from British, French and Dutch that question under study following April 29th approach to King. Informed Eden expressed concern SAG Ambassador June 24.

3. Problem discussed highest levels in Department and in Joint Chiefs. Agreed USG should back companies with SAG in view:

(a) As stated Deptel 303 April 23[2] agreement not in keeping Aramco concession.

(b) Companies' surrender to agreement likely create serious repercussion throughout shipping and oil world from point of view private and public commercial interests and general international trade policy.

4. Aramco continues explore legal aspects. While Aramco and Department agree should be fullest legal exploration, both inclined view that, in spite strength of case supporting position Aramco agreement violated, resolution Onassis matter may not depend primarily on legalities involved especially in view of method for settling legal question, arbitration between Company and SAG under Article 31 of concession contracts and Company uncertain whether desires arbitrate.

5. Fully realize difficulty situation you face. Feel here deterioration King's friendship and his recent stand both regarding military aid and Point IV missions has been unreasonable in light three points enumerated Paragraph 2 urtel July 7[3] and in light our repeated efforts help in Buraimi settlement. . . . Nevertheless we deem it essential every effort be made eliminate from Agreement restrictive, monopolistic feature before situation further aggravated by open break between companies and SAG.

6. Department therefore wishes you express in manner you deem most effective very serious view we take of whole question and widespread ramifications which may result. Following are suggestions for your guidance:

a) Since test Onassis agreement published and full realization its implications possible, concern USG and American commercial in-

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[2] Not printed, but see footnote 3, Document 340.

[3] Not further identified.

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terests has increased. Implementation would result in wide and serious public resentment. We believe this also true other countries having commercial interests Saudi Arabia.

b) In our opinon Onassis agreement not in keeping with agreement entered into between SAG and company. Hence regardless possible legal maneuvers would be wide belief that Aramco concession violated. Contemplated action under Onassis agreement would at minimum appear as act of bad faith and create bad impression on world opinion, already getting much public attention.

c) Onassis agreement inconsistent with established practice world commerce. If implemented in Saudi Arabia, similar arrangements almost certain be adopted by other nations. Spread this practice would seriously injure commerce all nations including Saudi Arabia. Quite apart from immediate American private interests involved, USG cannot passively acquiesce in establishment such pernicious precedent. SAG should understand this is question of principle which would not necessarily be affected by degree of monopoly to be enjoyed by Onassis. An essential element in our view is that oil buyer or seller as case may be retain right to designate ships transporting oil as is generally accepted practice international commerce. This along with related principle freedom of seas has been foundation expansion international trade and commerce.

d) From practical business viewpoint US believes Saudi Government would run grave danger substantial loss by implementation Onassis Agreement. Financial benefits to Saudi Government from Onassis deal bound to be infinitesimal compared potential loss oil royalties. Loss of markets for only one million barrels of oil would roughly cancel contemplated annual financial benefits. If contract implemented resentment and resistance on part many oil buyers likely impair Aramco production, income and hence Saudi royalties to much greater extent. There is increasing evidence that resistance will be tremendous. From dollars and cents viewpoint Saudi Government appears have been seriously misled.

e) Since any sovereign power free to establish own fleet naturally neither USG nor companies have objection to concept tanker fleet under Saudi flag and believe there would be no doubt that such fleet would obtain reasonable participation Saudi oil traffic provided Onassis agreement modified so as to eliminate rebates and special priorities and thereby providing for operation of Saudi Vessels in free competitive markets at going commercial rates. In view long friendship we are bringing these facts attention King in effort solve problem according to best interests of Saudi Arabia as well as US. We believe SAG will receive more revenue if this done than by present scheme which will only create antagonisms and tendency divert trade.

7. FYI: It looks to us from here as if this issue may produce critical point in our relations with Saudi Arabia . . . .

. . . .

8. If King's attitude is based on belief company and USG will back down, we would hope your *démarche* along lines set forth this telegram would disabuse him of that notion and set him to find ways to avoid showdown with Aramco. . . . We also have reason

believe Onassis aware of seriousness of scheme and mounting difficulties he will face in commercial world. He probably anxious squirm out. These factors encourage us to hope that clearcut statement USG attitude plus discussion with selected influential Saudis if undertaken soon enough will avoid issue and perhaps in end clarify whole atmosphere US-SAG relations. Issue can be avoided by modifying Onassis Agreement by elimination restrictive features. Onassis has indicated willingness interpret Agreement loosely or modify and already offered near competitive rates Pacific Western. Modifications could be made without fanfare or loss face and only Onassis who already seeking perpetrate similar pernicious deals other countries would be loser.

9. As background air pouching legal opinions firm White & Case NYC and memorandum prepared by Duce.

10. Your appraisal and recommendation re substance this telegram requested soonest. You authorized however proceed along lines suggested immediately.

Would appreciate full expression your views on above.[4] End FYI.

DULLES

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[4] A memorandum by Byroade to the Secretary of State, dated July 21, summarized this telegram. A handwritten notation on the margin stated that the Secretary saw the memorandum. (886A.2553/7-2154)

No. 352

886D.2553/7-1954: Despatch

The Ambassador in the United Kingdom (Aldrich) to the Department of State

LIMITED OFFICIAL USE LONDON, July 19, 1954.

No. 191

Subject: Ruler of Kuwait's Desire to Modify the Terms of the Present Oil Concession Contract

Earlier this year Mr. H. A. Kemp the London representative of the ruler of Kuwait notified the Kuwait Oil Company that the ruler considered circumstances to have changed sufficiently to warrant a modification of terms of the present oil concession in respect to the method of calculating gross revenues. The letter alluded to the ruler's understanding that the Governments of Iraq and Saudi Arabia had recently agreed with oil companies holding the concessions in the two countries that the 50–50 division of profits would thereafter be on the basis of posted prices. In the case of Kuwait, on the other hand, income was unfavorably affected by the terms of the Gulf–Shell contract. Mr. Kemp asked that the company arrange to meet with him with a view to making changes which Kuwait thought necessary in the present concession agreement. The Department was notified of this letter from Mr. Kemp by Mr. S. A. Swensrud who wrote to the Deputy Under Secretary of State to inform him of the ruler's request.[1]

After considering the letter from Mr. Kemp for several weeks, the Kuwait Oil Company with the approval of the Gulf Oil Corporation and the Anglo-Iranian Oil Company sent an *aide-mémoire* to Mr. Kemp on June 15 which in effect acknowledged the willingness of the company to meet with the representatives of the ruler of Kuwait on any matter at any time but denying that circumstances had so changed as to warrant a meeting for the specific purpose of modifying the method of calculating gross revenues in accordance with the undertaking in the company's letter of December 30, 1951 dealing with this particular matter. As for the comment that similar changes had been made in concession agreements in the case of Iraq and Saudi Arabia the company said there had been no change in the percentage of profits divided which continued to be 50–50 and that as far as the company understood there had been no changes in the method of calculating the division of profits in the two countries. It was suggested, therefore, that it was premature to meet to discuss a different means of calculating gross revenue and that the proposed meeting should be postponed until the results of negotiations now going on in the area were known. The company indicated its readiness to consider the matter in its relation to Kuwait should such negotiations result in changes subject, of course, to the understanding that any changes which might later be negotiated would not result in any retroactive payments.

In a letter dated July 9 Mr. Kemp replied to the *aide-mémoire*.[2] In his reply he said that the *aide-mémoire* was not responsive. He disputed the company's interpretation of the situation in the other oil producing countries of the Middle East contending that the other countries were in fact deriving a greater income than Kuwait by virtue of the higher price at which their oil was sold. He said that the *aide-mémoire* was of such a character that he felt it would serve no purpose to send it on to the Ruler and he asked that the matter be reconsidered.

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[1] A letter to Deputy Under Secretary of State Murphy from Chairman of the Board of the Gulf Oil Corporation Swensrud, dated May 17, not printed, enclosed a copy of Kemp's letter of May 4. (886D.2553/5–1754)

[2] David Proctor, Executive Vice President and General Counsel of Gulf, wrote to Assistant Secretary Byroade on July 29 and enclosed a copy of Kemp's letter of July 9. (886D.2553/7–2954)

The Gulf Oil Corporation representative in London said that the Kuwait Oil Company in consultation with Gulf and AIOC was now reconsidering its position but unquestionably some discussions would have to be held with Kuwait.

For the Ambassador:
EDWIN G. MOLINE
Petroleum Attaché

No. 353

886A.2553/7-2054: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET PRIORITY JIDDA, July 20, 1954—2 p. m.

32. Herewith interim comment Deptel 16, July 16. [2] Have discussed substance and timing proposed representations with Owen of Aramco. While concurring substance as do I he prefers reserve detailed comment as he will have opportunity discuss local aspects especially timing with Davies in Dhahran tomorrow. We feel too there is from local viewpoint no immediate urgency my seeing King. He is expected return from Yemen today; and tanker bearing his name cannot arrive Damman much before end August (see Hamburg Consulate General despatch 436, June 9).[3]

Davies has already had two relatively encouraging meetings with Prince Faisal re oil price question and expects be called Jidda for fuller discussion in few days. From my past talks with him and Owen I sense there are nuances of approach in Onassis matter which I would do well consider with him and report to Department, e.g., Department directs me make strongest representations for modification of agreement by elimination its restrictive features whereas Aramco has so far flatly rejected it. Also timing our respective approaches seems important.

Personally I should prefer Department concurring first discuss problem at length with Faisal . . . bringing out and developing all arguments reference telegram and handing him *aide-mémoire* briefing its major points with request he bring it to King's urgent attention and arrange audience for me. Would Department wish

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[1] Repeated to London, Tehran, and Dhahran.

[2] Document 351.

[3] Not printed.

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draft such *aide-mémoire* or may I submit draft text for its comment?

Wadsworth

No. 354

886A.2553/7-2054: Telegram

The Secretary of State to the Embassy in Saudi Arabia [1]

SECRET
PRIORITY

Washington, July 21, 1954—7:23 p. m.

20. Embtel 32. [2] Agree desirability synchronizing approach with Aramco and considering nuances with Davies and Owen. Department's sense of urgency based on parent companies' fear Onassis request for cargo possible any day. Would expect request at least thirty days before tanker available for cargo and believe Onassis has tankers available send Damman any time.

Believe Department's instructions re representations in keeping present position held Aramco and parent company officials here. No objection in principle to certain Saudi tanker fleet or to Agreement if stripped objectionable features. Some incentive such as companies willingness cooperate Saudi fleet operated basis competitive rates and without monopolistic features may be necessary . . .

You authorized submit draft *aide-mémoire* Department for comment and then discuss with Faisal. However Department uncertain his sympathy re our position.

Dulles

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[1] Drafted by Dorsey and Gay and cleared by PED, TRC, NEA and NE, and G, in substance.

[2] *Supra.*

No. 355

886A.2553/7-2654: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET NIACT JIDDA, July 26, 1954—6 p. m.

38. 1. After discussion substance Deptels 16, July 16, [2] and 20, July 21 [3] with Davies, Brougham and Owen of Aramco I submit following draft of *aide-mémoire* in which, Department concurring, I would hand Prince Faisal as proposed Embtel 32, July 20: [4]

Ambassador Wadsworth recalled that on April 30 last he handed to His Majesty a communication expressing *inter alia* his government's concern over the effect the Onassis agreement would have on private American interests.

In this regard the communication stated that the US Government shared the opinion of Aramco and of other private American companies that the Onassis agreement was not in keeping with the Aramco concession agreement.

To this His Majesty replied in substance that Saudi Arabia would fulfill all relevant obligations and it would act as it deemed best in the national interest.

At that time the full text of the Onassis agreement was not known either to the US Government or to private American interests. Since its publication their concern has increased.

Consequently and because of its long friendship for Saudi Arabia the US Government feels it would be wanting in due frankness were it not to set forth the very serious view it takes of this question and of the widespread ramifications which would result if appropriate solution is not found.

Firstly, as to legalities involved it reiterates its view that the Onassis agreement is not in keeping with the Aramco concession agreement. It holds after study of the text that the Onassis agreement is violative of the relevant obligations assumed by Saudi Arabia when granting the exclusive rights set forth in the concession agreement.

Secondly, it is persuaded that implementation of the Onassis agreement would result in wide and serious public resentment not only in the US but also in other countries having commercial relations with Saudi Arabia. At minimum Saudi Arabia would be thought to have committed an act of bad faith. One result would be the discouragement of foreign capital investment.

Thirdly, it deems the Onassis agreement inconsistent with established world practice in the field of international commerce. Consequently it could not passively acquiesce in the establishment of any such pernicious precedent. This is a question of principle quite apart from the private American interests immediately involved.

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[1] Repeated to London and Tehran.

[2] Document 351.

[3] *Supra*.

[4] Document 353.

Fourthly, it holds that an essential element of such generally accepted international commercial practice is that seller and in turn buyer enjoy the right to designate the carrier of his merchandise—in this case oil by tank-ship.

Fifthly, it is persuaded that from the practical business point of view both Aramco and Saudi Arabia would suffer substantial loss of revenue were the Saudi Government to attempt to implement the Onassis agreement. There is today and will be for some years to come a world surplus of oil particularly in the Persian Gulf; it is a buyer's market. And this situation is today aggravated by a world surplus of tankers available at rates substantially lower than those prescribed by the Onassis agreement. Buyers of oil will not put up with restrictions or compulsions; they would shift their purchases elsewhere.

Finally the US Government urges that for all these reasons the Saudi Government eliminate from the Onassis agreement its preferential provisions. None could object to the establishment of a tanker fleet under Saudi flag; and there appears no reason for doubting that such a fleet provided it to be operated on a freely competitive basis could participate in the carrying of Aramco produced oil.

Ambassador Wadsworth asked in conclusion on instructions from his government that this *aide-mémoire* be brought to the special attention of His Majesty and that at so early a moment as may be conveniently possible His Majesty receive him in audience to the end that he may hear and divulge such words of reply as His Majesty may see fit to communicate to him for transmission to his government.

2. We ask that Department consider carefully essential point made in paragraph beginning "Fourthly". Can it be assailed on the facts? Or do words "generally accepted" cover exceptions, e.g., reported French Government requirement that specified percentage oil imports be carried in French bottoms?

3. Davies is wiring New York re substance last sentence paragraph beginning "finally". I suggest Department obtain New York's views before giving me green light. [5]

WADSWORTH

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[5] Telegram 40 from Jidda, July 27, advised the Department of State that the Ambassador believed it would be a good idea to redraft the *aide-mémoire* as a formal first person note addressed to Prince Faisal as the Foreign Minister and conclude it with a request for a personal meeting to discuss the matter. (886A.2553/7–2754)

No. 356

811.054/7-2954

Memorandum of Conversation, by the Deputy Director of the Office of International Materials Policy (Armstrong)

CONFIDENTIAL [WASHINGTON,] July 29, 1954.[1]

Subject: Foreign Petroleum Policy and the Anti-Trust Proceedings

Participants: Mr. James Terry Duce—Aramco
Mr. Waugh—E
Mr. Armstrong—OMP

Mr. Duce came to call on Mr. Waugh, to discuss general foreign petroleum problems. The net effect of his suggestions and comments was as follows.

1. The world petroleum industry needs continual expansion if the amount of consumption predicted for 1975 by the Paley Commission Report is to be possible.
2. The only place where such expansion can occur is in the Middle East.
3. The Middle Eastern area is characterized by weak and unstable governments and all questions of foreign petroleum operations in the area must be handled with delicacy and care.
4. The anti-trust suit has been injurious to the positions of the companies abroad and has been of potential danger to United States national security.
5. There should be a governmental commission, for which the oil companies would be prepared to do the necessary staff work, which should decide what reforms the companies would make. Acceptance by the companies of these reforms should make it possible to call off the anti-trust suit.
6. Such a commission was proposed by Mr. Duce last fall, and obtained some support within the Government, but has apparently been dropped by the present Administration.
7. The new Foreign Economic Policy Commission of seventeen members, which is the subject of current legislation, should be called upon to do this task, so that security of operation for the oil companies could be assured.

In the course of Mr. Duce's presentation, Mr. Waugh commented to the effect that he was certain that the Attorney General had every intention of conducting the anti-trust suit proceedings in such a way that foreign policy problems are fully recognized. Mr. Waugh said that he would be glad to pass on to the Administrative Assistant to the President Mr. Duce's suggestion that the Foreign Economic Policy Commission look into the oil issue, but in making this comment Mr. Waugh pointed out that the main problem the

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[1] This memorandum of conversation was prepared on July 30.

Commission would have to consider was that of general commercial policy, and that it would have very little time in which to do its work, since its report would be due in March 1954 and it does not yet exist as an entity. Mr. Armstrong commented that he had examined in some detail, during the fall of 1952, the amount of work which it would be necessary for any government petroleum policy commission to do if it were to get a clear picture of the issues and problems requiring resolution. It was his conclusion that it would be impossible for the proposed Foreign Economic Policy Commission or a subcommittee of it to get the work done properly within the allotted time.

No. 357

886A.2553/7-3054: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

SECRET PRIORITY JIDDA, July 30, 1954—9 p. m.

43. Re Embtel 42, July 30.[1] Following is text note:

"Jidda August 2, 1954

Your Royal Highness

Under instructions from my Government I have the honor to address to The Royal Saudi Arabian Government the following communication anent the agreement signed on January 20, 1954 between The Royal Saudi Arabian Government and Mr. Aristotle Socrates Onassis hereinafter referred to as the Onassis Agreement:

On April 30 last I handed to His Majesty, the King, a communication expressing *inter alia* my Government's concern over the effects the Onassis Agreement would have on private American interests.

In this regard my communication stated that the US Government shared the opinion of Aramco and of other private American companies that the Onassis Agreement was not in keeping with the Aramco concession agreement.

To this His Majesty, the King, replied in substance that Saudi Arabia would fulfill all relevant obligations it has assumed, but that where no obligations lay it would act as it deemed best in the national interest.

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[1] Telegram 31 to Jidda, July 29, not printed, transmitted some changes the Department of State proposed to the Embassy's text in telegram 38 from Jidda, Document 355. (886A.2553/7-2654) Telegram 42 from Jidda, not printed, reported telegram 43 would contain the text of a note to be delivered to the Saudi Arabian Foreign Office on Aug. 2, unless the Department altered the text in the meantime. (886A.2553/7-3054)

At that time the full text of the Onassis Agreement was not known either to the US Government or to private American interests. Since its publication their concern has increased.

Consequently and because of its long friendship for Saudi Arabia the US Government feels it would be wanting in due frankness were it not to set forth the very serious view it takes of this question and of the widespread ramifications which will result if appropriate solution is not found.

Firstly, as to legalities involved the US Government reiterates its view that the Onassis Agreement is not in keeping with the Aramco concession agreement.

Secondly, the US Government is persuaded that implementation of the Onassis Agreement would result in wide and serious public resentment not only in the US but also in other countries having commercial relations with Saudi Arabia. There is already evidence of this. At minimum Saudi Arabia would be thought to have committed an act of bad faith. One important result would be the discouragement of foreign capital investment. Some investors currently displaying interest in Saudi Arabian possibilities may be deterred. Another likely result is the imposition of retaliatory measures by other countries.

Thirdly, it deems the Onassis Agreement inconsistent with established world practice in the field of international commerce. An essential element of international ocean commerce long standard international practice is that buyer and seller by mutual agreement have the right to designate the carrier of the cargo. In accordance with this practice it is traditional in much of the petroleum industry, including Aramco, for the buyer to make choice of the carrier. Consequently the US Government could not acquiesce in the establishment of any such unfortunate precedent. This is a question of principle quite apart from the private American interests immediately involved.

Fourthly, the US Government is persuaded that from the practical business point of view both Aramco and Saudi Arabia would suffer substantial loss of revenue were The Royal Saudi Arabian Government to attempt to implement the Onassis Agreement. There is today, and probably will be for some years to come, a world surplus of oil particularly in the Persian Gulf; it is a buyers market. This situation is today aggravated by a world surplus of tankers available at rates substantially lower than those described by the Onassis Agreement. Buyers of oil will not put up with restrictions or compulsions; they will shift their purchases elsewhere.

Finally, the US Government believes for the above reasons that the interests of The Royal Saudi Arabian Government, as well as Aramco, will be best served in petroleum matters by encouraging Aramco export of oil to the widest possible markets of the Free World. This can only be done by continuing to permit the buyers the greatest freedom to transport and handle this oil through means of their own choice. The market for oil from Saudi Arabia can thus be extended and the revenues of the Government of Saudi Arabia increased.

With the continuation of this principle by The Royal Saudi Arabian Government and the consequent elimination of the preferential and monopolistic provisions of the Onassis contract the US Government can of course raise no objection to the establishment of a fleet of tank ships flying the flag of Saudi Arabia and operating on a competitive basis. However, in fairness it should be recognized that a surplus of tankers usually exists in peace time with intensified competition to the advantage of shippers.

In adding that I am directed by my Government to request that Your Royal Highness fix an early date on which we may discuss this matter, I ask Your Royal Highness to accept the renewed assurance of my highest consideration."

WADSWORTH

No. 358

886D.2553/8-354

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Director of the Office of Near Eastern Affairs (Hart)

CONFIDENTIAL [WASHINGTON,] August 3, 1954.

Subject: Formation of New Kuwaiti Tanker Company

Mr. Proctor, Vice President of Gulf Oil Company, telephoned me this morning from Pittsburgh to report a new development in Kuwait. He said that the Acting District Manager of the Kuwait Oil Company, a Mr. Doyle, had received an official letter from Abdulla Mulla Saleh, who is a sort of "Secretary of State" to the Ruler of Kuwait, stating that a Kuwaiti tanker company had been formed, had purchased two old tankers of 11,000 tons capacity and intended to buy two other larger ships, and that it was desired to notify the Kuwait Oil Company of the availability of these vessels for charter. The letter added that for the time being the Director of the National Bank of Kuwait would act as General Manager of the tanker company.

According to Mr. Proctor, there was no intimation that this new company would be given any special privileges or monopoly rights for the carriage of Kuwait oil. There was likewise no indication that the new company had any outside interests or inspiration. Nevertheless, Mr. Proctor was concerned that this might be the forerunner of attempts to put pressure on Gulf and Anglo-Iranian to use the Kuwaiti tankers. He commented that 11,000-ton tankers were too small to be economic in this trade and that in any case Gulf had a number of its own tankers lying idle. It could not be expected therefore that Gulf would be interested in dealing with the new company.

Mr. Proctor anticipated that Gulf would simply advise the Kuwaitis that their tankers must take their chances in the competitive field. He hoped Anglo-Iranian would take the same attitude. He expressed the view that it was important for the British Government to get to the Sheikh of Kuwait promptly and discourage him from supporting this new enterprise and especially to warn against the purchase of additional tankers which would simply become a liability.

I told Mr. Proctor that I agreed with his views and that we would communicate with the British on the subject. I added that in the case of the Onassis agreement in Saudi Arabia, we were taking a strong line to the effect that there could be no objection to the formation of a Saudi Arabian tanker company but that it must operate on a freely competitive basis.

Please prepare an appropriate instruction to London [1] and, as soon as occasion offers, discuss this with the British Embassy here.

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[1] Telegram 836 to London, Aug. 11, not printed, informed the Embassy of Proctor's call and the Department of State position. (886D.2553/7-3054)

No. 359

886D.2553/8-1054 Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

CONFIDENTIAL WASHINGTON, August 10, 1954.

809. Deptel 771.[2] Swensrud of Gulf called on Murphy Aug 9 reiterate Gulf desire Department's support its position vis-à-vis British Government. He was informed of line stated Reftel and expressed hope we would at least refrain from indicating to British we felt AIOC and Gulf should acquiesce Kuwait demand for payment taxes on basis posted price. Murphy was non-committal but said for present we adopting hands-off policy pending further word as to British position which we assumed Embassy and Proctor would obtain shortly. Indicated our views not fully crystallized although

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[1] Drafted by Jernegan and cleared by NE and PED.

[2] Dated Aug. 6, not printed. On Aug. 4, Gulf representatives in London told Embassy officers they understood the Department of State had instructed the Embassy in London to support Gulf's position on the 50-50 division of profits in Kuwait. The Embassy had no record of instructions on that issue. (Telegram 619 from London, Aug. 4; 886D.2553/8-454) Telegram 771, the Department of State answer, informed the Embassy that after full consideration of the matter, the Department's view was that it should not intervene in the case, in accordance with its established policy of not intervening in commercial provisions of concession arrangements between private companies and concessionary governments. (886D.2553/8-454)

we hesitant take sides dispute involving details of commercial questions such as price.

FYI. Swensrud said in great confidence and not to be communicated British he visualized possible solution through payment Kuwaiti taxes by Shell provided Shell received corresponding tax credit from UK. This might be accomplished by device of establishing Shell subsidiary in Kuwait which would resell at profit oil received from Gulf and so subject such profit Kuwait jurisdiction. Swensrud believed if Gulf and US Government insisted on principle that Gulf must not be required pay tax on profits it did not and could not receive under existing contract, and if British nevertheless felt Sheikh's demand should be met, would be logical suggest tax be paid by company really receiving profits and that Shell therefore be permitted pay taxes to Kuwait with corresponding discount UK. He emphasized Gulf could not properly advance this suggestion itself but thought Embassy might do so informally if occasion arose. (Embassy should of course refrain from action on this unless instructed.)

Swensrud also said Gulf would probably be willing agree payment tax on posted price basis in future provided exception made for existing contracts. End FYI.

Request Embassy keep Department fully informed developments.[3]

DULLES

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[3] Telegram 749 from London, Aug. 11, reported on a meeting on Aug. 6 between Gulf and AIOC representatives and British officials. The Embassy believed the British would be reluctant to use their special position in Kuwait to force the Shaikh to maintain or accept an arrangement less favorable than those in neighboring countries. (886D.2553/8–1154)

No. 360

886D.2553/8–1154

The Chief of the Petroleum Policy Staff (Eakens) to the Petroleum Attaché in the United Kingdom (Moline)

CONFIDENTIAL
OFFICIAL–INFORMAL

WASHINGTON, August 11, 1954.

DEAR ED: This letter is in further reference to the Gulf-Kuwait payments problem. No doubt you have already discussed it fully with Mr. Proctor and Mr. Hamilton and perhaps it has been satisfactorily resolved. There is, however, one thought which has occurred to us which might be useful if you have not already done something along the same line.

As our cables indicate, the Department does not believe that it should officially intervene in this question and there is no change in this position. Gulf does seem to have an idea, though, that seems to have some merit and might be acceptable to all parties concerned or affected. This is that Shell might properly pay the Kuwait tax on the discount at which it receives Kuwait oil. Mr. Swensrud told me that he had discussed this question with Shell and that Shell would be willing to pay such a tax provided it received tax credit in the U.K. Nevertheless, Gulf is reluctant to make this suggestion to the British and wondered whether we might do so. This the Department has declined to do officially, but certainly this is an idea which might occur to anyone in examining all aspects of the problem and possible solutions.

The only loser in such a solution would be the British Government. But the British Government would be the loser also if Gulf charged Shell the posted price. It is possible that someone on the British side might argue that Gulf should go to the posted price for the purpose of settling with the Shaikh but should continue to sell to Shell on the present basis since Gulf is stuck with the contract until 1969. The imposition of such a solution as this on Gulf by the British, if they were able to impose it, would not seem to be a sound and harmonious solution of a problem of one of the parties arising under the Gulf-Shell contract.

While the Department is not prepared to do anything on this officially, it occurred to us that in some of your personal and exploratory discussions with Robert Belgrave or others you might mention that, as a thought that had occurred to you, one solution would be for Shell to pay income tax to Kuwait on its discount below the posted price. You do whatever you wish on this however, but in case you mention this possibility in any of your discussions with the British we would be very interested in any reaction.

You may find that Gulf has already made this suggestion itself. I told Mr. Swensrud I did not see why they could not advance it as one of the possible solutions, but then again you may find that the Gulf officials have not suggested it.

I enjoyed my recent visit with you and Virginia and the very wonderful meal very much. Both turned a very dull day into a very happy experience. I was also glad to have the opportunity to get up to date with you on all of our current problems.

With best regards.

Sincerely,

ROBERT H. S. EAKENS

No. 361

886A.2553/8-1654

Memorandum of Conversation, by the Officer in Charge of Economic Affairs, Office of Near Eastern Affairs (Gay)

CONFIDENTIAL WASHINGTON, August 16, 1954.

Subject: Onassis case

Participants: Messrs. Case, Socony Vacuum and Coleman, Standard Oil of New Jersey
Messrs. Brougham and Duce, Aramco
Mr. Murphy—G
Mr. Jernegan—NEA
Mr. Bechner—PED
Mr. Gay—NE

The representatives of the corporation called primarily to discuss the legal aspects of the Onassis case, although some attention was also given to Pacific Western's proposed agreement with Onassis. Mr. Hadfield of Pacific Western had recently discussed it with Aramco officials. Reference was made to the wording of the *Aide-Mémoire* handed to the Saudi Foreign Office on August 2, specifically to the omission of the sentence in the original version of the *Aide-Mémoire* which stated the Onassis Agreement to be "violative of the relative obligations assumed by Saudi Arabia on granting the exclusive rights set forth in the Agreement". It was felt that merely stating the Onassis Agreement was "inconsistent" with the Aramco concession contract was not strong enough and that Mr. Wadsworth consequently felt restrained from stressing the legal aspects of the case. Mr. Case said all legal opinions they had obtained so far agreed to the violative nature of the Onassis Agreement including British and Islamic opinion. These legal opinions are to be provided to the Department.

Mr. Brougham who was present at the time of the first discussion of the Onassis Agreement with the King and Faisal alluded to the King's statement, and it has been repeated by Saudi officials, that they did not intend to violate the Aramco concession agreement. He felt, therefore, that our strongest position lay in stressing the legal violation implicit in the Onassis Agreement. In this connection reference was made to the arbitration clause in Aramco's concession contract, the corporation officials indicating that arbitration of the case would not be objectionable if the Saudi Government wished to apply this procedure.

Mr. Jernegan indicated that the Department's legal counsel has had some reservations about the strength of the legal position against the Onassis Agreement and that the Secretary, on the basis of preliminary consideration, had inclined to this view.[1] He also mentioned that we had understood Aramco was not anxious to invoke the arbitration clause.

Mr. Murphy expressed interest in the further legal opinions that were mentioned and told the corporation officials the Department would fully re-examine the legal aspects of the case on the basis of all information now brought to bear.[2]

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[1] A memorandum by Jernegan to Murphy, Aug. 14, gave some background information on the subject matter to be discussed in this conversation. The memorandum suggested the oil company officials might want the Department of State "to take a stronger line regarding the asserted violation of the Aramco concession." The Department of State Legal Adviser's Office, however, had carefully chosen the language used by the Department, since it was considered somewhat debatable whether the Onassis agreement really infringed on the concession in the strict legal sense. The memorandum indicated the Secretary of State had not studied the matter carefully, but had indicated his "off-hand concurrence in the views of the Legal Adviser's office.' The memorandum suggested that if the legal point should prove to be of major importance the Legal Adviser, and perhaps the Secretary of State himself, should be asked to give the matter further consideration. (886A.2553/8-1454)

[2] Telegram 50 to Jidda, Aug. 20, advised the Embassy that if the Saudi Arabian Government raised the point of the legality of the Onassis agreement, the Embassy was authorized to state that the opinion of the United States Government was that the agreement "as written is violative of Concession Agreement," but that the Ambassador did not wish to argue legalities as he was not a lawyer. (886A.2553/8-2054)

No. 362

886D.2553/8-2054

The Petroleum Attaché in the United Kingdom (Moline) to the Chief of the Petroleum Policy Staff (Eakens)

CONFIDENTIAL
OFFICIAL–INFORMAL

LONDON, August 20, 1954.

DEAR BOB: To say that I am somewhat confused by the coming and going on the Gulf-Kuwait payments problem is to put the matter mildly. I had first heard from Gulf here about the support promised by the Department for the Gulf position. Not having received any indication of a desire to give that support, I queried the Department, as you may remember, and got back an answer saying not only that we were not giving official support but seeming to acknowledge that Mr. Proctor had been led to expect it. Subsequently, I received copies of Memoranda of Conversation involving only the political officers, which even in our statement of the case seemed to indicate a willingness to support Gulf in the position it is determined to take.

That brings me up to your letter of August 11 and a brief report on my recent soundings here, including discussions with Proctor. The nub of the question seems to me to be whether we should try to withstand the demands of the Sheikh of Kuwait for a division of profits on a posted price basis minus a nominal sales discount, and secondly, whether there is a chance of success if we do. These are two entirely distinct matters which seem to me to involve a question of principle in the first instance, which we should try very hard to protect, and a matter of money in the second place, in which I think we are wise to avoid becoming entangled if possible. If I had more time, I could express this more clearly than I shall probably succeed in doing, but let me try to express my serious misgiving regarding the Department's official position, which seems to me to be quite at variance with our action in support of commercial interests in many other instances which could be cited and quite contrary to our best interests in connection with oil in the Middle East.

We are faced, it is true, with a difficult situation when Aramco has apparently conceded a posted price less 2 per cent basis for dividing profits, and when the new Iranian agreement for all practical purposes has conceded the same thing at least for three years, and when Iraq may rightly demand that its agreement be brought in line with the Arabian agreement. None the less, if we do not stand up in support of the principle that 50–50 means a true partnership and that profits be divided on true realization, and furthermore, if we do not protect a system similar to that on which Gulf has been conducting its business, we will find ourselves confronted with a rigid price structure having little possibility of lower prices in the future and no room for competitive bidding for large-scale oil outlets. It will, in short, it seems to me, create a situation which will be similar to, but worse than, any cartel-like arrangements which have hitherto bothered some of our people. Moreover, it is not in Kuwait's best interests, I am sure, to seek a profit division on other than a realized price basis properly defined.

Kuwait has reached the place it has in world production because Gulf was able to market large quantities of oil through Shell. This was done with the full knowledge of the Kuwait authorities who had the price aspects of that agreement explained to them in infinite detail only three years ago. This has been achieved notwithstanding the poorer quality of Kuwait oil. It has led to a development of facilities in Kuwait which promise even greater output if Kuwait is content to settle for large-volume, low-profit (or at least lower than other countries profit per unit) operations. If Kuwait can be developed in this fashion, Gulf is prepared, I believe, to market more aggressively than others on the long-term, lower-price basis and eventually to seek to establish itself in the Eastern Hemisphere through similar aggressive market tactics. Moreover, if we can retain Kuwait as this kind of a freer entity in international oil, we will, I think, forestall Venezuela taking the same route as the other Middle East countries are trying to do, and we might be able to re-capture Iran at the end of the three-year period when the matter of price will be reconsidered.

There are some essentials, obviously, if we are to argue that 50-50 means sharing the good and the bad, and if we are to take the position, as I think we should, that the oil producing countries should trust to the business judgment of the business half of the combination, i.e., the oil company, in matters requiring market decision. These essentials are that the companies must be beyond reproach. I think that means they must sell to affiliates at posted prices, as Gulf in fact does. It means that the large-scale, long-term or special contract which deviates significantly from posted prices must be known to, and the reasons for it understood by, the concessionary government. This again is in line with Gulf practice. It means in the specific case of Kuwait that AIOC must be prepared to justify its realization on an actual basis rather than on the assumed basis that it is identical with the Gulf realization. I cannot believe that oil companies which are prepared, apparently, to price everything at posted prices can be adverse to doing so on that part of the business which they do with themselves or affiliates. I should think they should wish to protect the possibility of special prices in special circumstances even though it may mean some explanation to governments and do this on the crude oil part of their business on which profits are shared with the governments rather than through the medium of rebates and discounts which fall only on their own profits. This latter case is true today and seems to me to be entirely contrary to the concept of a true partnership in Middle East crude oil production.

Proctor is not making a great deal of headway here at the present time but is a long way from abandoning the fight. The Ministry of Fuel and Power supports him in principle, I believe, but doubts whether his proposition can be sold to Kuwait given the situation in neighboring countries. The Foreign Office has not declared itself particularly except to say that Gulf makes a persuasive case and that the British Government will not use its position to force the Sheikh to do something his neighbors will not do. Proctor will return home on the 26th. He is planning, I believe, to try to talk to the Economic side of the Department, making the case with facts and figures which I have tried to hint at here. I believe most sincerely that our official position is wrong, and I hope on reconsideration you can be influential, perhaps with Roger Dixon's help, in getting official support for the view that we should support profit division on an honest realization basis rather than on a fictitious basis, whether this results from underpricing or assumed realizations which are not attained.

Sincerely,

Ed

P.S. I have just heard that the British are inclined to support Gulf in not making retroactive payments. They are inclined to believe also that if Iraq gets an increase in payments as a result of renegotiation soon that Kuwait should do likewise, though not necessarily to the same extent. They also think the company might wish to consider whether there was value in making additional per unit payments now if they are going to have to cut back the volume to make way for Iranian oil. I believe they could be persuaded to support the view I am advocating in the above letter on true realizations honestly achieved and fully explained.

No. 363

886D.2553/8-2054: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

CONFIDENTIAL WASHINGTON, August 20, 1954—8:23 p. m.

1029. Following discussions with Swensrud (reported Deptel 809) [2] and Whiteford of Gulf who called at Dept August 18 we have been giving further thought Kuwait problem. Essential elements seem to be:

1. Gulf can use only small proportion Kuwait crude for its own markets and considers it must therefore be in position adjust its sale prices to competitive conditions in order obtain and keep crude outlets. At present it has long term contract with Shell providing outlet for 275,000 barrels per day (about two-thirds its total share Kuwait production) and other lesser contracts with American and foreign companies. If forced raise prices on these contracts company claims it would, in view over supply oil and high sulphur content Kuwait crude, lose them and be unable find other customers. On other hand it contends that to maintain contracts at present price levels while paying tax to Kuwait on posted price basis would not only cause serious financial loss but would be radical departure from 50–50 principle and expose it and all other companies to further similar demands. Precedent would also be set for other conces-

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[1] Drafted by Jernegan and cleared in draft by NE, S, PED, and OMP.

[2] Document 359.

sionary countries such as Venezuela where realization basis still exists.

2. Loss of Gulf's outlets for Kuwait crude would of course seriously reduce revenues to Shaikh. Company fears he would then be tempted terminate concession in hope finding another company which would promise greater production and greater revenues.

3. In light discussions here and in view adjustments being made other Persian Gulf concessions such as Iran and Saudi Arabia Gulf appears realize it cannot maintain rigid position that 1951 concession agreement cannot be changed in any respect. At same time it anxious have opportunity make best case possible with Shaikh and demonstrate to him his own financial interests would be harmed by forcing Gulf into position where it could not sell present large volume crude. Company considers friendly intervention by British Foreign Office essential to secure this opportunity. Points out Gulf not able contact Shaikh direct in view agreement with British.

4. AIOC appears to be in quite different commercial position. We understand almost all its Kuwait production goes to its own affiliates and is distributed in its own established markets. It does not have problem selling crude in competitive market and is not restricted by existing long term contracts. According Whiteford, Sir William Fraser has said AIOC is prepared pay Kuwait tax on posted price basis with idea reducing posted price somewhat after present crisis over. Because of tax adjustments it would lose relatively little money. AIOC is not therefore prepared urge Foreign Office take stand in present controversy. AIOC anticipates later difficulties with Shaikh when Iranian oil begins flow again in quantity and necessitates substantial cutback its production in Kuwait. (Whiteford estimates this cutback at 200,000 barrels per day (or more).) AIOC assertedly wants save its ammunition for that time and may be trying shift onus from itself to Gulf for any later unpleasantness.

5. Shell position this picture somewhat unclear but obviously important. It benefits along with Gulf from existing contract for Kuwait crude. In fact we think some aspects contract make it almost partnership arrangement. It seems reasonable suppose AIOC would not be unhappy to see both Gulf and Shell deprived this source cheap crude.

6. An arrangement such as suggested by Swensrud whereby Shell would pay Kuwait tax on profits earned through its purchase Kuwait crude might satisfy Shaikh's desire for increased revenue and cost Shell little if it could obtain tax credit in UK while at same time relieving Gulf of demand that it pay taxes on income not earned.

7. Gulf fears Shaikh will soon issue some form ultimatum which company will be forced reject and that this will freeze Shaikh's position because of prestige factors involved. Company believes Foreign Office intervention could prevent this but we understand Gulf representatives London unwilling approach Foreign Office without some assurance US Govt support. They report that in light AIOC position Foreign Office is undisposed act unless there is evidence US Govt considers it desirable. Company also asserts that even in absence ultimatum it unable have satisfactory discussions with Shaikh unless British pave way.

8. Department inclined think that in view unusual situation Kuwait where British in effect control access to Shaikh and because of complicated AIOC–Gulf–Shell relationships with Gulf caught in middle there may be grounds for informal US Govt intervention with British to make it possible for Gulf attempt work out solution. Embassy accordingly requested and authorized to:

a) Submit any comments or additional information it may have re foregoing;

b) Discuss whole picture with Gulf representatives informing them substance this wire;

c) Discuss as much of foregoing as it thinks desirable with appropriate British authorities;

d) Unless it sees objection, request British to advise Shaikh against precipitate action against companies and in due course take such steps as may be necessary to enable Gulf to enter into discussions with responsible Kuwait authorities for purpose of seeking equitable solution safeguarding interest of all parties. Embassy should make clear that for present we not entering into substance but only wishing ensure that Gulf has time and fair opportunity work out its problem.

DULLES

No. 364

611.86A/8-2554 Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET PRIORITY JIDDA, August 25, 1954—11 a. m.

74. Further my telegram 72, August 23. [2] Was received yesterday by King for general review US-Saudi relations. His attitude ex-

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[1] Repeated to Dhahran.

[2] Not printed. (886A.2553/8-2354)

tremely cordial; will appoint commission work out details modified five year army program; asked me discuss Saudi membership IBRD with Prince Faisal; made appointment see Davies re Onassis' agreement.

Davies saw him late yesterday; discussion cordial; . . . representatives SAG and Aramco will meet today.

Still later Defense Minister saw Colonels Boyd and McCarten; said King wished them get down to work at once; offered fullest cooperation.

My feeling is tide our relations has turned but am wondering whether it is not rather because of other developments (e.g. Gholam Mohammad's and Nasir's advice and shift Egyptian policy following Suez agreement) than as result persuasion our part.

WADSWORTH

No. 365

886D.2553/8–2654: Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State [1]

CONFIDENTIAL LONDON, August 26, 1954—6 p. m.

1006. Reference Deptel 1029. [2] Have discussed Kuwait payments problem fully with Proctor and on basis reftel informally with Foreign Office and Ministry Fuel and Power. Gulf and AIOC latter with Jackson senior representative had meeting with two agencies Monday and with Kemp Wednesday. Result is that situation calmer and problem likely dormant next 4 weeks and perhaps longer.

Companies explained case fully to Foreign Office but did not request specific assistance believing they should first complete talks with Kemp. Foreign Office said however, company case impressive both in facts and moderation with which presented. Following approach by Embassy Officer Foreign Office has informally advised political resident Persian Gulf of potential difficulties in situation if Kuwait takes premature decision against companies from which retreat may be impossible for prestige reasons. Believe he and others, without making a specific issue of it which British unwilling do, will as opportunities offer urge Kuwait authorities keep open mind on matter until companies have made full presentation their case and will also make point perhaps in connection with explanation of Iran Settlement that situations various countries differ and their interests not necessarily best served by insistence on identical per unit returns.

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[1] Repeated to Kuwait.

[2] Document 363.

Companies encouraged by foregoing and Kemp's reaction to detailed presentation facts which Proctor says prove conclusively Kuwait has been more favorably treated both in terms total revenue and per unit rate compared Iraq and per unity basis compared Saudi Arabia. Kemp has asked for memorandum incorporating oral argument made yesterday which he has undertaken transmit to Sheikh. Proctor says this will be ready in 2 or 3 weeks after which depending on reaction of ruler companies may go to Kuwait for further discussion.

Appreciate that company argument however valid in relation past situation may no longer hold if Saudi Arabia and Iraq terms have been or may be changed materially. In this connection has Aramco concluded final agreement with SAG and if so is this as rumored on basis of 2 percent discount from uniform posted price regardless of shipping point? [3]

Following comments on reftel. Proctor says and Foreign Office confirms that while technically company should negotiate with Sheikh through British this had never been case in practice since agreement signed and will not be done this instance. Company has for all practical purposes free access to ruler. British would be informed of intention to negotiate and of progress negotiations.

AIOC realizations calculated as Gulf does with sales to self or affiliates at posted price are lower than Gulf realizations due to fact Socony Jersey off take of 175,000 barrels per day under long term contract is at lower price than Shell contract.

British say cutback in Kuwait more likely be in neighborhood 100,000 than 200,000 if Iran production is as planned.

BUTTERWORTH

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[3] Telegram 1313 to London, Sept. 13, reported an Aramco official had told the Department of State an agreement had been reached in principle with the Saudi Arabian Government on the use of the posted price less 2 percent. (886D.2553/8-2654)

No. 366

886A.2553/9-654

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) [1]

CONFIDENTIAL [WASHINGTON,] September 6, 1954.

Subject: Onassis-Saudi Agreement

Participants: Mr. Spyros P. Skouras
General Smith, Acting Secretary
NEA—John D. Jernegan

General Smith and Mr. Jernegan gave Mr. Skouras a general picture of the present state of affairs with regard to the Onassis Agreement, . . . General Smith said Onassis had approached Mr. John McCone recently and had said he would be willing to sell his entire tanker holdings at a loss. He had asked Mr. McCone to act as a sort of "honest broker" in arranging things with the oil companies. Mr. McCone, however, was not anxious to do this.

Mr. Skouras asked what solution we could suggest. Mr. Jernegan observed that . . ., the simplest thing might be for Onassis to tell the Saudis he thought a mistake had been made, that they had failed to take into account all aspects, and to propose cancelling the agreement. Mr. Skouras thought this was not feasible because of the amount of money Onassis had already invested. He fully agreed however that the agreement was a bad one and could not possibly be accepted by the oil companies. He had told Onassis himself that he had made a bad mistake.

Mr. Skouras thought the only solution would be for the oil companies to buy the Onassis tankers on a basis satisfactory to them. This would provide a solution to the whole problem without financial loss to the companies and without their having to give way on the important principle involved. It would also save the companies the expense of a long fight. If Mr. McCone had correctly understood Mr. Onassis' statement that he would be willing to sell out at a loss, Mr. Skouras thought the two parties should be gotten together. He asked whether he could quote Mr. McCone back to Mr. Onassis. General Smith said he thought this would be all right but he would telephone Mr. McCone on Tuesday morning (September 7) and then communicate with Mr. Skouras. Mr. Skouras then asked that the Department arrange for him to talk to Aramco. General Smith instructed Mr. Jernegan to communicate with Mr. Duce and suggest to him that he in turn call Mr. Skouras at his New York office tomorrow. Mr. Skouras said he would be available until about noon on Wednesday, the 8th, when he was leaving for Europe. If given clearance by Mr. McCone he would plan to see Onassis in Europe.

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[1] This memorandum of conversation was attached to a memorandum by Hadsel to S/S, dated Sept. 8, stating that it was forwarded for Smith's approval. A handwritten note on the memorandum by Jernegan asked if Smith had called McCone, and the answer was no. (886A.2553/9-654)

No. 367

886A.2553/8-2454

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

SECRET [WASHINGTON,] September 24, 1954.

Subject: Utilization of Papers Showing Bribery in Connection with Onassis Contract

Participants: Mr. Paul Gerrity of Maheu Associates
SCA—Mr. McLeod
NEA—John Jernegan

Mr. Gerrity had with him a file composed of a lengthy statement purporting to be signed by Mr. Cotopadis and to detail the negotiations by which Onassis obtained his agreement with the Saudi Government.[1] It appeared to specify the exact terms agreed upon between Onassis and Ali Reza, including the payment Ali Reza was to receive. Photostats of various documents were attached. Mr. Gerrity said this statement by Cotopadis and the photostats of the documents had been purchased by Mr. Stavros Niarchos from Cotopadis. In addition to the copy which Mr. Gerrity had with him, a second copy was in the hands of CIA in Washington and a third in possession of Mr. Maheu who was in Beirut. Mr. Gerrity's set, however, was the most complete.

Mr. Gerrity said that his firm considered that these papers should be gotten into the hands of King Saud and that this should be done quickly before there was any publicity about bribery in connection with the Onassis agreement, since such publicity would embarrass the King amd make future relations more difficult. He thought the best channel would be Mr. Karl Twitchell, who was in

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[1] No documentation has been found in Department of State files. There is, however, a document from The Hague, dated July 30, not printed, on information about the Onassis-Saudi Arabian Agreement, which was received from an associate of Copodolis by Aramco officials. (886A.2553/7-3054)

Jidda and who could give the papers to the new Saudi Arabian Finance Minister and get him in turn to lay them before the King. This would avoid any involvement of the US Government or Aramco. He asked Mr. Jernegan's opinion, saying that CIA had already been consulted but had as yet given no answer.

Mr. Jernegan observed that he agreed it would be undesirable for either the US Government or Aramco to be in any way involved and he thought Mr. Twitchell might be the proper man to carry out the operation, however he could not give an opinion offhand. He thought it necessary to consult CIA and considered that organization should continue to be the channel for handling this matter. Mr. Gerrity agreed and observed that his firm had been working with CIA all along.

Mr. Gerrity also said his firm and Mr. Niarchos thought it essential that everything possible be done to save King Saud's face if he were brought to abrogate the Onassis Agreement. With this in mind, they thought it would be very helpful if public announcement of the abrogation were made in a joint factual statement by the Saudi, British and American Governments. This statement would merely include the fact of the abrogation and explain in general terms that it had been decided upon because the agreement had been found injurious to the interest of Saudi Arabia and of the other two countries concerned.

Mr. Gerrity said the British Government favored this procedure and he was sure the King would likewise endorse it. As another means of helping the King, Mr. Gerrity said both the Aramco parent companies and Niarchos would be willing to place some of their tankers under the Saudi flag, thus giving the King one of the advantages he had hoped to gain from the Onassis Agreement, namely a Saudi Arabian merchant marine. Niarchos would also be willing to assume the obligation of establishing a maritime academy in Saudi Arabia.

Mr. Jernegan said that he could see no objection to the suggested joint statement provided it was desired by the King.

Mr. Jernegan promised to get Mr. Gerrity a prompt answer on the question of using Mr. Twitchell as a channel for placing the Cotopadis papers before the King.

Mr. McLeod expressed the desire to be left out of future operations in connection with this question.

Mr. Jernegan later checked with CIA and it was agreed that Mr. Twitchell seemed the best available channel for getting the Cotopadis documents to the King. On telephoning Mr. Gerrity the following day, Mr. Jernegan found that he had already learned of this decision. Mr. Gerrity said that his copy had been turned over to

CIA for transmission to Mr. Twitchell, who had an appointment to see the Saudi Finance Minister on Wednesday, September 29.

No. 368

886A.2553/9–2454

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] September 24, 1954.

Subject: Onassis Tanker Problem

Participants: General Smith, Acting Secretary
Mr. Spyros P. Skouras
NEA—John D. Jernegan

Mr. Skouras reported that he had seen Onassis in Paris. Onassis had expressed himself as ready, willing and anxious to arrive at an understanding with the oil company. Specifically, he had offered to sell all of his tankers at their cost price less depreciation.

Subsequently, Onassis had sent Skouras a telegram which Mr. Skouras showed to General Smith and Mr. Jernegan. Boiled down, it said that Onassis was willing to negotiate but felt he had a very strong legal position (supported by legal opinions from several countries to the effect that his agreement did not infringe either the Aramco concession or international law) and that if Aramco remained intransigent arbitration under the concession terms would become inevitable. Onassis was sure the arbitration would go against the company, which would then not only have lost its fight in Saudi Arabia but would have established a precedent for similar shipping agreements in other oil producing countries which was just the thing Aramco most wanted to avoid.

General Smith commented that this telegram did not sound as if Onassis were in a chastened mood. Mr. Jernegan observed that Aramco also had a number of legal opinions in support of its position and seemed to feel very confident that it would win if the matter came to arbitration. He did not think the company would be receptive to a renewed suggestion that it negotiate with Onassis.

Mr. Skouras nevertheless expressed the hope that Aramco would at least allow him to discuss the matter with its representatives, so that he could determine for himself whether any basis for negotiation existed.

After leaving General Smith's office, Mr. Skouras admitted to Mr. Jernegan that Aramco was in a strong position because of the world surpluses of both crude oil and tankers. He said he had pointed this out to Onassis. However, he reiterated his desire to talk to Aramco and Mr. Jernegan promised to speak to an Aramco representative.

No. 369

886A.2553/10-2554: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

SECRET PRIORITY JIDDA, October 25, 1954—1 p. m.

187. Supplementing mytel 180, October 24. [1]

1. Onassis was received by King Saud late afternoon October 23. Embassy Arab consultant reports Commerce Minister Mohammed Alireza only other person present. It was apparently decided Onassis should meet following morning with Surur and Davies.

2. Before that meeting King received Davies and Ohliger. Audience was cordial throughout. King assured them he wished clear up all remaining questions at issue with Aramco, including Onassis agreement. He would approve any understanding they could reach with Onassis, in particular any modification of Article 4 of Onassis agreement, but agreement itself should not be cancelled—there his honor was at stake—and if no understanding could be reached he was not adverse to "letting matter go to higher court."

Davies commented he had always felt "arbitration" was matter of last resort, company and SAG having always hitherto been able settle problems through friendly negotiation. He hoped that, should arbitration have to be resorted to in present instance, Aramco-SAG relations would not be adversely affected. King gave ready assurance this score, repeating he wished clear up all issues between them in interest fullest future cooperation.

3. Davies succeeding meeting with Surur and Onassis was short. Surur was supported by Royal Councilors Walid and Husseini whose primary objective was obviously to arrange that Davies and Onassis seek solution through direct negotiation. Appointment was made for same afternoon at Aramco offices. At afternoon meeting Onassis, accompanied by Cokkinis and Alireza, repeated his version

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[1] Not printed. It reported that the agreement settling past Saudi Arabian claims against Aramco, reported in telegram 17 from Dhahran, not printed, was signed on Oct. 3. Beginning on Sept. 30 almost daily discussions were being held between Aramco and Saudi Arabian representatives to find a solution to the dispute on prices and a formula for future tax payments. (886A.2553/10-2454)

of events leading up to signature of agreement, engaging in histrionics which only tended confirm Aramco thinking that to make any concession to his position would be to subject company to continuing future pressures. Although seemingly willing charge only competitive tanker rates, he insisted on need for guarantee that given number his tankers would be used to carry Saudi oil or that carriage of given tonnage or given percentage total tonnage would be assured his Saudi tanker company.

Meeting broke up inconclusively as Onassis had appointment call on Prince Faisal; but Onassis obviously jumped at Davies invitation that he call again "for tea." They will pursue discussion today.

4. I am flying Dhahran to meet with Generals Glantzberg and Grover and will return with them to Jidda to present General Glantzberg to King morning October 28. At dinner last night King approved my going and said would send airplane to fetch me if he wished see me earlier. Davies will report his discussions to New York office which will keep Duce informed.

My feeling is we should let Davies carry ball for time being; but as I shall have excellent occasion speak with King on 28th, Department may wish instruct me re any special points I should make. I agree with Davies that main Aramco issue—whether Onassis agreement is violative of concession agreement—seems as things now stand headed for arbitration.

WADSWORTH

No. 370

886A.2553/11-154

Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula-Iraq Affairs (Fritzlan)

SECRET [WASHINGTON,] November 1, 1954.

Subject: Onassis Agreement Developments

Participants: Mr. Stavros Niarchos, Greek Ship Operator
NEA—Mr. Jernegan
NE—Mr. Hart
NE—Mr. Gay
NE—Mr. Fritzlan

Mr. Niarchos, who is the brother-in-law and a trade competitor of Onassis, called to discuss the latest developments. He said he understood that recent events in Jidda indicated a likelihood that the question of whether the Saudi Arabian Government had violated the terms of Aramco concession in concluding the Onassis agreement would be submitted for arbitration as provided for in the concession agreement. He expressed the belief that it might be a wise move on the part of Aramco to let it be known that it had no intention of doing business with Onassis regardless of the outcome of any arbitration proceedings. . . .

Mr. Jernegan outlined the Department's position on the Onassis matter, stressing our objections to this type of business irrespective of whether such an arrangement was determined to be in violation of a concession agreement or not. He went on to say that he could see two possible objections to the suggested course of action: (1) Aramco could hardly defend a position to the effect that it would refuse to do business with any concessionary company appointed by the Saudi Government to engage in tanker operations providing such operations were determined to be in keeping with the Aramco concession agreement, and (2) such an approach would reflect judgment by Aramco of Saudis implicated in the Onassis deal before the Saudi Government had made any judgment. This could be interpreted as an affront to the dignity of the King and his Government. Mr. Jernegan said, however, Mr. Niarchos' suggestion was worth keeping in mind for consideration in the light of future developments.

. . . .

No. 371

886A.2553/11-354

Memorandum of Conversation, by the Officer in Charge of Arabian Peninsula-Iraq Affairs (Fritzlan)

SECRET [WASHINGTON,] November 3, 1954.

Subject: Onassis Agreement Developments

Participants: Mr. Duce, Aramco
Mr. Chapman, Aramco
NE—Mr. Hart
NE—Mr. Gay
NE—Mr. Fritzlan

Mr. Hart outlined a suggestion made by Mr. Niarchos on November 1 to the effect that Aramco consider making a statement that, whatever the outcome of arbitration proceedings, Aramco would not agree to do business with Onassis because of serious doubts cast upon his integrity. Mr. Duce expressed the view that such an approach at this time would perhaps do more harm than good. Mr. Duce stated, however, he was seriously considering sending a message to King Saud through the Saudi Ambassador in Washington explaining in some detail why Onassis is generally considered an unsavory character.

Mr. Duce showed a telegram which had just come in from Mr. Davies in Jidda. The telegram summarized talks with Saudi officials and Onassis which were inconclusive. Mr. Davies and Mr. Ray are expected to return in the near future to the United States for talks with company officials.

Mr. Duce stated that he understood that Ambassador Wadsworth had recently had a talk with the King concerning the Onassis matter. He was told the Department had not yet received a report of any such meeting.

Mr. Duce expressed some doubt as to the desirability of proceeding with arbitration proceedings, feeling apparently that Aramco's case in arbitration might not be as strong as company lawyers have described it. It was generally agreed that arbitration per se would not necessarily settle the basic issue involved.

No. 372

886A.2553/11-454: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State [1]

SECRET JIDDA, November 4, 1954—noon.

202. For Dorsey. Reference: Aramco–Onassis–SAG discussions. With departures King Saud for Riyadh November 1, Davies for New York November 2 and Onassis for Monte Carlo today, current round of discussions instituted by SAG (my telegram 180, October 24 [2] and 187, October 25) [3] and designed seek mutually agreeable formula for modification of rate and priority provisions article 4 Onassis agreement has ended in failure.

This round began October 23. As I see it: SAG has held its own and opened way to face-saving solution through arbitration under article 31 Aramco concession agreement; Aramco has yielded nothing in substance or principle and has gained valuable Royal assurance that, whatever be result arbitration, SAG–Aramco relations will continue on basis full cooperation their joint venture; and Onassis, when finally pinned down on rate issue, has weaseled and outsmarted himself.

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[1] Repeated to Dhahran.

[2] Not printed, but see footnote 1, Document 369.

[3] Document 369.

On October 26 letter approved by King was addressed Aramco by Minister Finance Surur expressing regret Davies-Onassis discussion should not result in agreement between them and stating curtly that, if none reached in thirty days, SAG would proceed to arbitration. Davies replied same day: He shared regret; fact was Onassis insisted on noncompetitive position and rates higher than those of current competitive tanker market; consequently, if no solution found, Aramco would cooperate with SAG in preparation terms of reference and submission of issues to board of arbitrators in accordance concession agreement; and he would proceed New York to consult his directors this regard. (*Note:* Duce has texts.)

Following day October 27 Davies met first with King and then Surur (both meetings helpful on clarifying complicated rates question) and had final (third) meeting with Onassis which only confirmed impossibility compromise without sacrifice Aramco principles which Davies would not consider. Upshot Davies-Surur meeting was that Surur addressed letter to Onassis October 29 citing Davies definition competitive market rates and asking his concurrence or comment. Onassis reply October 30 was essence of weasel mentioned paragraph two above; he offered four, partially contradictory answers none of which frankly answered Surur's question and all of which when analyzed meant rates higher than current competitive market rates for spot or term charters. This turned tide in Aramco favor and led to final cordial Davies-Surur meeting October 31.

Yesterday when calling with Dorsey on Surur, I made passing reference to satisfactory SAG–Aramco understanding that Onassis agreement issues would be arbitrated. Surur concurred as to satisfactory understanding with Aramco but, as to beginning arbitration in thirty days, added "unless prior settlement is reached". I did not pursue point.

My current estimate of SAG position is that, while it would still be willing accept any compromise agreement reached by Aramco and Onassis, it sees in arbitration: (1) Means to save . . . face if arbitral decision is that Onassis agreement is violative of Aramco concession agreement and (2) defense against any claim Onassis might make for nonperformance by SAG of terms Onassis-SAG agreement, for it would follow from such arbitral decision that latter was illegal and hence unenforceable, or otherwise put, null and void *ab initio.*

WADSWORTH

No. 373

886D.2553/11-1954

Memorandum Prepared in the Department of State [1]

OFFICIAL USE ONLY [WASHINGTON,] November 19, 1954.

Subject: Progress Report re Kuwait Oil Problem

The problem was fully discussed with the British during the Petroleum talks of mid-October and two follow-up sessions, the last on November 12. [2] Prior to the meetings Messrs. Whitefield and Rhodes of Gulf explained Gulf's position fully, and on November 9, Messrs. Rhodes, Hamilton and Proctor gave representatives of the two Bureaus a two-hour briefing.

The British position as set forth by them is that: 1) no retroactive payments are called for; 2) Gulf and AIOC are obligated under the 1951 contract to discuss pricing and tax problems with the Sheikh; 3) the companies themselves should handle the problem with the Sheikh; and 4) Gulf should not be too "inflexible". The British have continued to emphasize the last point. They are anxious that the ruler's income in Kuwait where they have responsibility is no less favorable than that of other rulers in the area. We agreed to first three positions; the implications of the fourth were fully discussed and the British view passed on to Gulf.

Throughout the discussions the soundness of Gulf's arrangement with the Sheikh and the fact that it incorporates true fifty-fifty profit sharing were stressed; doubt was expressed that AIOC was sharing on the same basis. We emphasized also our concern that Gulf have full opportunity to defend its position which it is confident it can do.

One possibility discussed for increasing the income of the Sheikh was, since Shell under long term contract with Gulf enjoys a large purchase discount that Shell set up in Kuwait a trading company which could be taxed 50% of its discount. The UK Treasury would of course lose the tax base; the plan would however be similar in principle to that existing in Iran, which has been accepted by the UK Government. The British group later reported a highly negative reaction on the part of the British Treasury to this proposal.

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[1] This memorandum was drafted by Gay and sent by Kalijarvi and Byroade to the Under Secretary of State. Another copy was attached to a memorandum by Dorsey to Murphy, dated Dec. 8, which reported that there was no further information at that date on any developments mentioned in the Nov. 19 memorandum. (886D.2553/11-1954)

[2] Memoranda of these follow-up conversations not found in Department of State files.

They had no argument to show any difference between our proposal and the Iranian case.

In the subsequent meeting with Rhodes, Hamilton and Proctor, we learned that Kemp (the Sheikh's representative in London) has requested AIOC for its net realization figures (Gulf's books are open to the Sheikh). It seems likely that AIOC may refuse. Since AIOC uses Gulf realization figures in calculating its division of profit with the Ruler, it is impossible to know the true respective shares. Also, since Gulf and AIOC are required to negotiate with the Sheikh jointly through the agency of KOC, an agreed position between them in advance is essential. Obviously, if AIOC is unwilling to disclose net realization figures an atmosphere of suspicion is created and Gulf put in an untenable negotiating position.

This information was candidly purveyed to the British group and our concern expressed. They appeared to have had no information or instructions on this matter and had no comment to make. We also stressed our hope that the Sheikh would not be encouraged to expect or demand more income and that Gulf would be permitted to defend its present arrangement without prejudice. They undertook to transmit our views to London, felt certain nothing would be done to prejudice the case and that Gulf would have full opportunity to present its case. They continued to hope Gulf would be "flexible". No response from London has been reported to us.

Gulf officials are informed of and appear satisfied with the action that has been taken. They suggest that it may be necessary for Ambassador Aldrich to carry through.

We believe no further action is needed pending a reasonable period for response by the British to our discussions of last Friday.

No. 374

886A.2553/11-2754: Telegram

The Acting Secretary of State to the Embassy in Saudi Arabia [1]

SECRET WASHINGTON, November 27, 1954—1:20 p. m.
PRIORITY

223. Davies, Keyes, Ray, Duce, Saba Habashi called on Byroade November 26 to report on recent oil company-Onassis conversations New York. Onassis given to understand that if he cancelled his agreement with SAG or modified it to remove entirely preferential provisions companies would "consider" chartering from him again on strictly competitive basis. Onassis apparently desired com-

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[1] Drafted by Hart and repeated to London and Dhahran.

pany pledge to reinstate him in his *status quo ante* position in charter trade but he was informed he would have to take his chances. No promises made by either side but Onassis returning soon to Saudi Arabia (via London for talks with Shell) with possible intention of proposing to SAG elimination preferential provisions of agreement. Onassis stated he could not propose outright cancellation to SAG for face saving reasons. Onassis also insisted United States Government holding indictment over him to support oil companies and he asked intervention of companies to lift indictment which they refused.

Davies (who will be arriving Saudi Arabia approximately November 29) asked whether Department might instruct Embassy approach SAG in advance his arrival to emphasize again that whatever might be outcome of arbitration (if resorted to) neither offtakers nor United States Government could recognize preferential position for any carrier of oil. Aramco unable influence oil purchasers including parent companies, who prepared purchase oil elsewhere rather than recognize so disruptive a precedent in oil trade.

In order to reinforce points you may have already made pursuant to Department telegram 174 [2] as well as Department telegram 16 [3] you are requested again to approach SAG soonest at whatever level you consider best suited to achievement of good results. In your own words make clear United States Government feels it must emphasize to SAG in friendliest possible spirit that arbitration might not advance an answer to present impasse since neither oil purchasers nor most maritime nations (including United States) could accept or do business under such preferential clauses regardless of outcome of this particular case.

If question of United States indictment is raised by SAG you should remind them sealed indictment antidates their agreement with Onassis and is based on quite independent considerations.

SALTZMAN

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[2] Not printed; it advised the Embassy the U.S. Government objected to the Onassis agreement not only for legal and financial reasons but also because it violated the accepted principles of international commerce, a point which other governments had also stressed. Since there was more at stake than the direct interests of Aramco, it suggested the Ambassador might consider the desirability of reiterating to the King the views of the United States and its interest in the nature of the solution of the problem. (886A.2553/10–2454)

[3] Document 351.

No. 375

886A.2553/12-254

Memorandum of Conversation, by the Ambassador in Saudi Arabia (Wadsworth) [1]

SECRET JIDDA, November 29, 1954.

Conversation: Between Deputy Foreign Minister Yusuf Yassin and Ambassador Wadsworth.

Subject: Representations re Onassis Dispute as Directed by Department's Telegram 223, November 27, 1954 [2]

1) Deputy Foreign Minister, Shaikh Yusuf Yassin, and his nephew, Tahir Bey Ridwan, Head of the Foreign Office, dined this evening with me and the Embassy's Arab Consultant, Mohammad Effendi. Before I found opportunity to raise the Onassis matter Shaikh Yusuf did so, substantially as follows:

He had, he said, been absent in Europe during the recent Onassis–Aramco–SAG discussions in Jidda. He recalled we had earlier shared the view that it would be unfortunate if, rather than finding, as partners, a mutually agreeable solution, SAG and Aramco should have to take their differences over the Onassis Agreement to arbitration. The basic question, as he had seen it, had been "Could not Aramco assure SAG that the Saudi Tanker Co. set up under the Agreement would carry a small percentage of total Aramco oil shipments at a reasonable rate?"

The recent discussions, as he understood it, had proceeded on this basis; and, with their failure, SAG had had no recourse but to insist on arbitration. To him the fault for their failure seemed to lie with the Aramco negotiators. He could not understand why, on so simple an issue, they had found no solution . . . .

He still felt solution without arbitration was possible. Could not a guarantee be given that a small amount, say 5,000,000 tons be carried by these Saudi tankers?

2) This gave me opening to say I could answer him on the basis of a very recent telegram from the Department giving me its latest information and current views on the subject. Consequently, I made the following points:

It had been over this very point of guaranteed preferential treatment, as well as on the question of rates, that the recent negotiations here had failed. It was a basic practice of the world-wide oil industry that tanker companies must compete in the oil carrying trade; it followed that oil companies would conclude charters only at competitive rates.

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[1] Transmitted in despatch 95 from Jidda, Dec. 2. (886A.2553/12-254)

[2] *Supra.*

This basic position had been reiterated in subsequent discussions held with Onassis in the United States. He was told that the oil companies could not do business with him so long as the preferential provisions of his Agreement with SAG were maintained. Mr. Davies had already, following these last discussions, left New York for Dhahran. And our information was that Onassis planned to return to Saudi Arabia soon; it seemed possible he might intend himself to propose to SAG elimination of those provisions.

As for arbitration, this would at best settle only one of the three principle points made in my note of last August to Prince Faisal, i.e. whether the Onassis Agreement violated the Aramco Concession Agreement. Mr. Davies had left Jidda with the assurance that arbitration would be a friendly test as to which partner was right; he would return, I felt sure, still ready to cooperate fully with SAG in that same spirit.

The other two points stressed in my note were that the preferential provisions of the Onassis Agreement were inconsistent with the international trade practices of all leading maritime nations and were, as well, contrary to the established practice of the worldwide petroleum industry. In my note I had said that, as a friend, my Government felt it should put these considerations frankly before SAG.

It was, therefore, in friendliest possible spirit that my Government wished me to reiterate them at this time. Surely Shaikh Yusuf could see even more clearly now than last August how strongly all the leading maritime nations and the great oil companies felt; and this quite irrespective of how arbitration of the first point might go.

Finally, I would ask that he convey this exposition of my Government's views to Prince Faisal. If what I had written him last August was important then, surely subsequent developments showed it to be the more so today.

3) Shaikh Yusuf thanked me for my information and exposition and agreed that the two points I had made as to the practices of maritime nations and oil companies were more important and clearer today. Then, with customary acid touch, he added: "It was, of course, Aramco which, by its campaign against us, made these two points more important." He continued (according to running notes which I took as he spoke) substantially as follows:

> When arbitration is ended and Aramco loses, the whole monopolistic oil industry will find out it has no proof (*sic*), because there will be no international agreement against which SAG has acted.
>
> . . . .
>
> As for Aramco, I say with great regret it has never understood this country or this people. Had it done so, it could have settled this case in one day with His Majesty. Instead, it has built up this international front against Saudi Arabia. . . .
>
> . . . .
>
> To me it seems incredible the Company's managers can have its interests at heart and act as they do. In fact, they are acting against its interests. It is important that they know what I have

said and that the Company's shareholders also know it. We had thought that, if others acted against Saudi Arabia, Aramco as our partner would support us.

4) I answered, that I must differ with his views on Aramco. In my view it was incorrect to say the Company had worked to build up an international front against Saudi Arabia. I would say, however, only what I had said before, that the King and Mr. Davies had agreed as friends that this difference between partners would be settled amicably by arbitration. I felt sure this was still true; and I was still more than ready to be of any possible help in seeking a mutually agreeable solution.

Shaikh Yusuf answered that he did not doubt I believed what I had said. It was not pleasant for him to have to talk as he had done. He had found the information I had given him helpful, and he would inform Prince Faisal of what I had said were my Government's views.

We then passed on to another subject.

(*Note:* I should add that, before opening this question of the Onassis Agreement, Shaikh Yusuf had said there were three matters he wished to discuss with me—Onassis, economic aid and army planning—not as Deputy Foreign Minister but as Yusuf Yassin. He had, he said, been with His Majesty the King in Riyadh most of the time since his recent return from Europe and would be rejoining His Majesty in Dammam tomorrow or the next day.)

No. 376

887.2553/11-3054: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State [1]

CONFIDENTIAL LONDON, November 30, 1954—6 p. m.

2578. 1. Embassy has been informed by representatives of US interest in Iraq Petroleum Company that IPC price negotiations with Iraq which had seemed on verge conclusion [2] have been broken off by Iraqis following receipt of information from Saudi Government about latter's recent agreement with Aramco. SAG is reported to have told Iraqis it has made deal effective January 1, 1953 settling all past claims on the basis of 50-50 division of profits deriving from "international Persian Gulf prices according to well-known formula Mexican Gulf USA prices with freight differences".

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[1] Repeated to Baghdad, Jidda, and Dhahran.

[2] Despatch 107 from Baghdad, Sept. 14, reported the Iraqi Minister of Economics and IPC representatives had told the Embassy they had almost settled matters that had been under discussion since 1952. Despatch 166 from Baghdad, Oct. 22, reported the Managing Director of IPC was expected back in the country at the end of October to finish the negotiations. Documentation is in Department of State file 887.2553.

2. Facts according to source here are that Aramco has made settlement with SAG effective October 6, 1953 for all prior claims. Two percent discount not a feature of October 6, 1953 settlement. Aramco partners are currently negotiating seeking agreement for subsequent period and are insisting on posted price basis for profit division with two percent off for selling expense.

3. Source says whether or not Saudi communication merely poor reporting particularly in description of pricing, or whether for ulterior motive it has caused Iraq Government decide send representative Jidda to get facts on Saudi-Aramco agreement. Considered important Iraq Government be correctly informed by other than IPC sources at least regarding the substance of paragraph 2 prior to departure its representative to Arabia. Assistance Embassy Baghdad in this regard would be appreciated.

4. Would be helpful if Embassy Jidda could furnish London and Baghdad any additional information on extent Saudi-Iraqi collaboration this matter and on firm accuracy of alleged contents recent Saudi communication to Iraq Government.[3]

ALDRICH

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[3] Telegram 358 from Baghdad, Dec. 11, reported the Government of Iraq expected to send a representative to Saudi Arabia for details of the Aramco agreement, but not immediately, and the Embassy would be informed when he went. The Embassy asked for further information on the Aramco agreements and suggested the Embassy in Saudi Arabia send it as much material as it could, since Iraq claimed it wanted an agreement as favorable as Saudi Arabia's but would not ask for more. (887.2553/12-1154) Despatch 266 from Baghdad, Dec. 13, transmitted a translation of a letter from the Saudi Arabian Legation in Baghdad to the Iraqi Ministry of Foreign Affairs on the Aramco agreement, summarizing the points on which agreement had been reached in principle. (887.2553/12-1354)

No. 377

886A.2553/12-1854: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

SECRET JIDDA, December 18, 1954—2 p. m.

283. Davies told me Dhahran yesterday:

1. Re Onassis dispute. At private audience December 16 King was in excellent spirits, well pleased with agreement re arbitration

(Embtel 273, December 12),[1] which he apparently felt would enable him "finish with Onassis" . . . .

King told him Pacific Western had concluded agreement with Onassis for use tanker "[*Saud I*] first." This confirmed reports Aramco had received earlier in week from other Saudi sources. Davies said he would be telegraphing full report to his board in New York today and suggested Department would be interested in learning details from Duce.

2. Re Aramco–SAG pricing negotiations. Test agreement drafted Jidda by Aramco negotiators and Minister of Finance Surur is being studied by Royal councilors. Surur had been authorized inform him answer would be given January 10.

. . . .

WADSWORTH

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[1] Dated Dec. 13, not printed. It reported on an article in the semi-official Saudi Arabian newspaper *Biladal Saudiyah* regarding the disagreement between the Saudia Arabian Government and Aramco, which considered the Onassis Agreement incompatible with its concession agreement. Unless the government and the company reached agreement before Jan. 15, 1955, the dispute was to be referred to an arbitration committee. (886A.2553/12–1354)

No. 378

886D.2553/12–2054

Memorandum of Telephone Conversation, by the Chief of the Petroleum Policy Staff (Eakens)

OFFICIAL USE ONLY [WASHINGTON,] December 20, 1954.[1]

Subject: Kuwait Payments Problem

Participants: Mr. R. O. Rhoades, Vice President, Gulf Oil Corporation, Pittsburgh, Pa.
Mr. Eakens—PED

I telephoned Mr. Rhoades to inquire about the status of Gulf's talks with Mr. Basil Jackson, a director of The British Petroleum Company, Ltd., or BP (formerly Anglo-Iranian Oil Company, Ltd.), who is now in the United States discussing with Gulf the negotiations which the two companies are going to have with the Shaikh of Kuwait on the latter's request for an upward revision in payments. Gulf and BP are equal partners in the oil concession in Kuwait.

The main new development which Mr. Rhoades mentioned was the meeting held in London on this question by the Foreign Office on December 10. Apparently the Foreign Office called the meeting with officials of Kuwait Oil Company, Gulf, and BP to make two points. One was that the companies would be well advised to take the initiative in starting the negotiations with the Shaikh on the payments question, and on this point the Foreign Office left no doubt that it wished to see the Shaikh receive payments on a substantially comparable basis with other areas in the Middle East. The Foreign Office believes that if the companies delay their negotiations until after the Aramco settlement is finalized, they run greater risk that they will be forced to accept the Aramco formula, which would be a 50/50 settlement with the Shaikh on the basis of posted prices in the Persian Gulf less 2 per cent. The other point was a complaint about the local representative of the Kuwait Oil Company, a Mr. Dixon, not being in a position to keep the Shaikh informed about oil development in other Middle East countries.

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[1] This memorandum was prepared on Dec. 28.

On the latter, Mr. Rhoades said that Dixon was being maintained at the pleasure of the Shaikh as liaison officer with the Shaikh by the Kuwait Oil Company. Mr. Dixon functions on very local matters such labor and personnel relations and serves as interpreter for the General Manager of the Kuwait Oil Company when the latter calls on the Shaikh. He does not function on major policy questions such as those involved in the Kuwait payments problem. Mr. Rhoades simply did not consider that it was a function of the Kuwait Oil Company to keep the Shaikh informed about oil developments in other Middle East countries and elsewhere.

In the discussions with Mr. Jackson, Gulf and BP are talking as two partners in the operation in regard to the best way to approach the problem of dealing with the Shaikh in regard to a revision of payments. In the talk which Gulf had had with Mr. Jackson on December 13, Gulf and the BP were in disagreement on two very significant points. BP has always paid the Shaikh on the basis of Gulf's actual realization from sales of Kuwait oil. BP's stated reason for this was to prevent different payments from being made to the Shaikh by the two companies per barrel of oil sold, which BP considered of extreme importance. This has been and continues to be a cardinal point of principle with BP. Mr. Rhoades thinks this is because Sir William Fraser, the chairman of BP, never changes once he has taken a position on any question. Gulf does not agree with BP that the two companies have to settle with the Shaikh on exactly the same basis per barrel of oil sold. There are other cases in which different owners of the same company settle with a government on different bases even though the oil is produced by the same operating company. Gulf cited to Mr. Jackson as an example of this the Mene Grande Oil Company in Venezuela which has both British and American ownership. Mr. Jackson's only comment was that Venezuela is a developed country whereas Kuwait is not.

On the other question, that of price adjustments, BP seems to wish to go to full posted prices for purposes of settling with the Shaikh. Gulf, on the other hand, has strictly adhered to a true 50/50 division of profits with the Shaikh on its actual sales prices. It considers this fair and in the best interests of both itself and the Shaikh and does not see how it could go to full posted prices on all crude sales.

It was agreed in the meeting with Mr. Jackson on December 13 that the two companies would reexamine their positions and discuss the matter again on December 20. Gulf was therefore expecting to hear from Jackson again today.

I took the opportunity of inquiring of Mr. Rhoades whether Gulf was under any impression that the objective of the British was to squeeze Gulf out of Kuwait. His reply was, "None whatever." He went on to say that Gulf's relationships with the British Government have been very good and that he could not believe that that's the case. He thought that the real problem Gulf is up against is the stubbornness of Sir William Fraser.

He went on to comment, however, that Gulf is concerned about an attitude recently expressed by the British Foreign Office. This was that Gulf was taking too serious a view of the sanctity of contracts. The comments of the Foreign Office official suggested that the strong idea held by Gulf regarding the sanctity of contracts was more or less out of date.

In closing, I told Mr. Rhoades that the Department was very interested in being kept informed regarding developments in their discussions with BP and that it would be appreciated if he would let us know about further developments. This he agreed to do.

No. 379

886D.2553/12-2454: Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State [1]

SECRET LONDON, December 24, 1954—2 p.m.

2876. Reference Department telegram 3355. [2] Getty told Embassy today that he has not agreed to charter super-tanker *Saud*, or any

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[1] Repeated to Jidda, Kuwait, and Dhahran.

[2] Telegram 2848 from London, Dec. 22, reported the Foreign Office had asked if it could confirm a report that Getty had recently made a deal with Onassis to trans-

Continued

other tanker. He added, Pacific Western has never chartered tankers, and does not expect to.

Getty said Onassis approached him about ten days ago regarding chartering *Saud*. He had replied that while he would be prepared, everything else being equal, to give preference to Saudi flag tankers, as outlined in Getty's letter to SAG of last February, his company does not charter any tankers. Getty told Embassy in this connection, that he had carefully examined his concession from SAG, and had concluded there was nothing therein to require him to comply with Onassis tanker agreement with SAG. Onassis then asked Getty if Tidewater could charter *Saud*. He had referred inquiry to Tidewater, but received no reply. Getty expressed doubt Tidewater could use super tanker in view fact company's berthing facilities San Francisco and Philadelphia inadequate and fact Tidewater has long term charter other tankers.

Foreign Office informed. Despatch follows.[3]

Butterworth

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port oil from the Kuwait Neutral Zone. Telegram 3355 to London, Dec. 23, suggested the Embassy contact Getty, as the Pacific Western representative in New York did not have the information. (886D.2553/12–2254)

[3] Despatch 1838 from London, Dec. 28, not printed. (886D.2553/12–2854)

No. 380

886A.2553/12–2754: Telegram

The Secretary of State to the Embassy in Saudi Arabia[1]

SECRET WASHINGTON, December 27, 1954—3:39 p. m.

280. For your information Duce Aramco told Department today that Board Directors met New York December 22 and decided as compromise measure to deal with Onassis problem it may offer place some Aramco tankers under Saudi flag provided that (1) SAG enacts suitable shipping laws and (2) Article 4 of Onassis Agreement concerning preferences be eliminated. Aramco querying field for comment. Duce emphasized decision not final and that some Directors still have considerable misgivings this undertaking.

Dulles

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[1] Drafted by Boardman and cleared by NE in draft.

UNITED STATES INTEREST IN PROMOTING A REDUCTION OF TENSION BETWEEN THE ARAB STATES AND ISRAEL; UNITED STATES RELATIONS WITH ISRAEL, THE HASHEMITE KINGDOM OF JORDAN, LEBANON, AND SYRIA; UNITED STATES INTEREST IN THE DEVELOPMENT OF THE WATER RESOURCES OF THE NEAR EAST; THE MISSIONS OF ERIC JOHNSTON [1]

No. 381

683.84A/1-952: Telegram

The Minister in Syria (Cannon) to the Department of State [2]

SECRET DAMASCUS, January 9, 1952—5 p. m.

408. We fully endorse views expressed Emb Tel Aviv tel 57 [*67*], [3] December 27 and are encouraged to find Eban and other senior Israeli leaders are beginning to realize importance of taking Arab public opinion into account. We recognize that it two-way proposition and we believe that as time goes on and Eban's attitude proves catching we can persuade Syrian leaders adopt similar realistic attitudes.

Meanwhile, now that emergency meetings have been held on Baniyas and Tiberias report Iberias incidents we think much depends on persuading both parties to resume formal meetings MAC. However, we are concerned lest Israel should insist as previously on inclusion of broader subjects on MAC agenda. Should this intransigeant attitude re agenda be maintained it is unlikely that Syrians will see much point to holding formal meetings. In Syrian eyes there is always good rationalization for their negative attitude toward resumption formal MAC meetings in fact that Israel has not fully complied with May 18 Security Council res [4] and seems have no intentions further compliance.

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[1] For previous documentation, see *Foreign Relations*, 1951, vol. v, pp. 559 ff.

[2] Repeated for information to Tel Aviv.

[3] Telegram 67 from Tel Aviv to Damascus (here misidentified as telegram 57) was a repeat of telegram 627 from Tel Aviv to Washington, Dec. 27, in *Foreign Relations*, 1951, vol. v, p. 973.

[4] For the text of the Security Council Resolution of May 18, 1951 (U.N. doc. S/2157), see *ibid.*, p. 693.

We have never misled Shishikli about what can be done re Israel (para 5b Deptel 238 [5]) but we wonder if US silence re Israel's non-compliance with May 18 res which US cosponsored has not misled both parties. If that silence were compounded, for example, with US intercession to obtain release of Israeli prisoners held by Syrians (Tel Aviv tel 65 Dec 13, 1951) [6] our position re impartiality would be seriously jeopardized. We appreciate difficulties involved in persuading parties to negotiate on reasonable basis. Perhaps some clarification, for Arab consumption, of US attitude toward Israel's misdeeds in demil zone dispute and expression of our belief in need for mutually satisfactory solution of whole zone question (Legtel 319, Dec 3, 1951) [7] would help us to obtain Syrian cooperation. Such clarification our attitude, and that of other powers, if based on impartial consideration of issues involved, should not mislead either Syrians or Israelis.

CANNON

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[5] Dated Dec. 14, 1951; for text, see *Foreign Relations*, 1951, vol. v, p. 1090.

[6] Telegram 65 from Tel Aviv to Damascus, not printed, was a repeat of telegram 578 from Tel Aviv to Washington, Dec. 13, 7 p. m. It reported that the Israeli Foreign Office had presented an *aide-mémoire* to the Embassy requesting assistance in obtaining the release of five young Israelis detained in Syria since August. The *aide-mémoire* stated that efforts to secure their release through the United Nations Truce Supervision Organization had been unsuccessful, and that it was to be expected that the continued failure of the Syrian authorities to release and return the Israelis would obstruct the working of the Syria-Israel Armistice Agreement and aggravate the border situation. (683.84A/12-1351)

[7] *Foreign Relations*, 1951, vol. v, p. 950.

No. 382

683.84A/12-2751: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, January 14, 1952—3:55 p. m.

490. Dept appreciates helpful comments contained Tel Aviv Embtel 627 Dec 27 [2] and Damascus Legtel 408 Jan 9. Dept sincerely hopes change in Israel attitude will follow as result Eban's visit and Emb representations. Dept considers paramount importance Syrian-Israel MAC resume mtgs. Chairman MAC has sufficient auth deal with questions he considers shld be discussed.

Dept concurs fully Emb and Leg views that intervention with Syrian Govt effect release Israel prisoners undesirable and inappropriate at this time, particularly since this precisely type problem MAC estab to consider. Suggest Emb reply to *aide-mémoire* contained Emb desp [*telegram*] 578 Dec 13 [3] to effect that this question shld be considered in MAC. While Dept unwilling intervene directly with Syrian Govt effect release these Israelis, since problem matter for UN machinery, it will recommend Leg Damascus urge Syrian Govt resume MAC mtgs soonest. Dept considers it may be desirable that on Riley's return NE he personally take charge MAC mtgs discuss this question in order effect release Israelis in Syria.

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[1] Repeated to Damascus, Amman, Jerusalem, Paris, and Beirut.

[2] See footnote 3, *supra*.

Leg Damascus its discretion might inform Syrian Govt US gratified at dispatch and relative amity with which Syrian-Israel MAC dealt with shooting two Israelis Lake Tiberias and hopes other matters outstanding can be discussed soonest in MAC; wld urge Syrians to cooperate with UN in holding MAC mtgs on regular basis and US likewise urging Israelis to do same.

Dept hopes Riley can return NE soonest.

ACHESON

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[3] See footnote 6, *supra*.

No. 383

785.00/1-752: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, January 15, 1952—7:30 p. m.

495. Jan 14 Dept rep requested Israel Emb First Secy Hezlitz call discuss recent series incidents Jerusalem area on Jordan-Israel borders. Emb rep appeared uninformed these developments. Dept rep first summarized Qalqilya controversy and expressed satis this problem now adjusted. Noted with regret unneces fireworks in MAC which preceded settlement, however.

Dep rep gave gen acct incidents including brief ref Gaza described Amman Legtel 190 Jan 7, Jerusalem Contels 94 Jan 8 and 98 Jan 12. [2] While not underestimating difficulties faced by Israel Govt in dealing with problems of infiltration, emphasized that mil excursions by Israel into Jordan or other neighboring states purpose shooting people or destroying property appeared to Dept as extremely grave violations Armistice Agreement which cld not be justified under any circumstances. Israel shld consider unfortunate adverse effect such occurrences cld have.

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[1] Repeated to Jerusalem, Amman, Damascus, Paris (for the Delegation to the General Assembly), and Baghdad, and by pouch to Beirut, Cairo, Jidda, London, and Ankara.

[2] None printed.

Suggest Emb Tel Aviv its discretion discuss matter with Israel Govt along these lines. Might also point out incidents strong contrast between Israel official utterances re its desire cooperate in reaching amicable settlement with Arabs and Israel actions toward Arabs in neighboring border areas. Repetition these incidents and continuation use brutal tactics in dealing with border Arabs cld result in sudden sharp deterioration Arab-Israel relations. Lack of progress in improvement these relations at present considered one of major stumbling-blocks to maintenance stability and security of area as well as obstacle to closer cooperation between the Arabs and West. Latter definitely in Israel's interest as lack thereof contributes to difficulties of implementing any plans for cooperative defense arrangements in NE area. Dept hopes Israel govt will seriously consider issues involved and carefully weigh wisdom of permitting its armed forces employ terror tactics towards Arabs as opposed to making genuine effort all levels to conciliate Arab neighbors. Wld point out further that even though Israel may not have condemned certain Arabs convicted legally of espionage, official Israel policy involving mil forays into neighboring states and resulting in killings of Arabs and destruction their property will undoubtedly have its effect on Arab attitude toward Jewish minorities in such states as Iraq.

ACHESON

No. 384

683.84A/1-1652: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, January 16, 1952—6 p. m.

712. Pass Army and Air. Deptel 490, January 14. Emb agrees importance MACS at this juncture and believes their task becoming more difficult. Sees in recent events evidence same influences believed responsible last year for mutual reprisals in Huleh region culminating in El Hamma bombing and attacks at Tel Al Mutilla, and fears they may cause another rapid deterioration in situation if not effectively deterred. Have ref to apparently deliberate incursions into Jordan and Gaza strip (see Amman Legtel 190, January

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[1] Repeated to London, Paris, Ankara, Cairo, Beirut, Damascus, Amman, and Jerusalem.

7, Jerusalem Congentel 96, January 12[2] and prior reports) and commission of bombing outrages.

Emb has referred frequently to mil influence which on occasion gets upperhand and becomes responsible for actions quite inconsistent with avowed policy Israel govt, e.g. while Eban declared central objective his govt's policy is to reach formal understanding with neighboring Arab states, elements in mil committed acts certain to outweigh any friendly words and set back hopes for peace for long time to come.

Dominant mil clique obviously takes cynical view of efforts to improve situation through pacific means and pursues its own policies. It feels state was saved and enlarged purely by force and that adequate mil power is vital to its continued existence. Itals convinced harsh treatment of Arabs is essential and has followed a consistent policy of clearing Arabs from frontier zones. This was important contributing factor to Huleh difficulty last year, has tended frustrate UNTSO in implementing May 18 res, and is still being followed.

Emb understands there is some difference of opinion in mil circles: (1) Center group headed by Gen Yadin holds views about as above described, (2) More moderate group favors permitting captured infiltrators return with warning and otherwise giving Arabs opportunity cooperate if they will, and (3) Extremists who advocate shooting infiltrators on spot and immed reprisals for acts committed against Israelis. Second group recently lost influence as result ambush and murder of Israeli mil personnel at Ain Husub, Dec 26 (see mil section Weeka January 4).[3]

Ability of mil influences to have their way and degree of tacit agreement civil auths should not be underestimated.

Service attachés concur with above.

Davis

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[2] Neither printed.

[3] Not printed.

BEST COPY AVAILABLE

No. 385

683.84A/1-1852: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, January 18, 1952—4 p. m.

725. Pass Army and Air. Had no opportunity pursue further with Eban discussions reported Embtel 627 Dec 27 [2] since he obliged depart earlier than planned. Have impression however he did not have much success in influencing his govt to modify Arab policy or take less legalistic approach. As to former, believe mil influence too strong at present (see Embtel 712, Jan 16). As to latter, recent action Arabs in *ad hoc* policy comite serve to confirm Israelis in their negative attitude toward making any great effort themselves to improve relations with neighbors.

Believe view expressed by Eban to Jones Dec 5 [3] that Israel now convinced peace settlement very remote is correct. Govt leaders seem have no hope for improvement situation near future. It appears however their attitude may be due to more than mere discouragement. Local reporter states be proposed sometime ago in FonOff press conference taking more favorable line toward Arab countries but says his suggestion was not well recd. About same time author of newspaper articles advocating better treatment Arab minority groups from mil briefing on security and danger to state represented by Arab residents here, which put end to this endeavor to influence public opinion to improve lot of Arabs.

Army is popular and there is considerable tacit agreement with mil views. Polit opposition criticizes bitterly govt, histadrut and some times police but not citizen army, which represents cross section of public. People here are painfully conscious of vulnerability of state to attack and believe firmly that their only chance of survival is through strength of their own mil. There is number question but what mil thinking has extensive popular support which extends through govt to PriMin himself.

As to recent bombing, service attachés are of opinion that demolition involving use such quantities explosives must have required expert planning as well as execution and probably had at least tacit approval from immed mil superiors. They believe results may have been worse than intended but feel spirit of reprisal is quite gen.

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[1] Repeated to London, Paris, Ankara, Amman, Baghdad, Beirut, Cairo, Damascus, and Jerusalem.

[2] *Foreign Relations*, 1951, vol. v, p. 973.

[3] See the memorandum of conversion, *ibid.*, p. 953.

Policy of preventing Arabs from living near frontier set forth in security regulations which are being followed as indicated by report from Consul Haifa who recd tel from former Arab residents Iqrit village near Leb border to effect that their former homes had been demolished Dec 25; alleged they had been evacuated 1948; had requested mil frequently to return without result, had succeeded recently in obtaining court order in their favor but homes were dynamited before they cld return to them. On Jan 16 news broadcast reported defeat of opposition motion in Knesset for debate on alleged destruction village by Army. Broadcast reported further that PriMin acting in capacity MinDef explained destruction necessitated by security considerations and that former inhabitants wld be fully compensated.

Early occasion will be sought to make representations along lines suggested Deptel 495 Jan 15.

DAVIS

No. 386

784A.00/1-2152: Telegram

The Minister in Jordan (Drew) to the Department of State [1]

CONFIDENTIAL AMMAN, January 21, 1952—8 a. m.

203. PriMin in informal conversation Jan 20 emphasized serious view taken by HKJ on recent acts of terrorism carried out by uniformed Israeli soldiers against innocent Jordanians. He is proposing to Cabinet Jan 21 that protests be lodged with SC, signers of tripartite declaration of May 25, 1950 [2] and Arab dels at GA and that as psychological gesture Jordan adhere to Arab League security pact.

Latest Israeli outrage perpetrated Jan 18 when respected resident Batti village working in his garden just over armistice line as authorized by Israel under long standing arrangement peculiar to that village was seized with two grown sons by uniformed Israelis, marched short distance into Israel and all three machine gunned to death at point blank range. In view traditional friendly relations between Jews and Arabs in this village incident regarded with unusual sense of shocked outrage.

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[1] Repeated to London, Paris (for the Delegation to the General Assembly), Tel Aviv, Jerusalem, Jidda, Baghdad, Beirut, Damascus, Cairo, and Tripoli.

[2] For the statement by the Governments of the United States, the United Kingdom, and France of May 25, 1950 regarding armistice borders, see Department of State *Bulletin*, June 5, 1950, p. 886.

Further details will presumably be reported from MAC sources by ConGen Jerusalem.

DREW

No. 387

683.84A/1-2152: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

SECRET DAMASCUS, January 21, 1952—6 p. m.

433. Re Tel Aviv Embtel 75, Jan 16. [2] It is somewhat ironic that privately mil leaders here generally more realistic and understanding of difficulties involved in Arab relations with Israel than are civil leaders who are much more inclined to stick with "public opinion" on Israel question. Israel leaders may not know this, and might be helpful to advise them that if Israel shld wish work out something with Syrians on demil zone or other specific problems, now may be time to do so. However Eban attitude rather than Yadin attitude is one to be used with Selo regime. Situations more serious than in Huleh last spring might develop if Syrians were similarly provoked by Israel now.

Apart from our hope that Eban's attitude will prevail so that Israel and Arabs can move toward peace in area, we are also thinking of fact that new disturbances on Israel frontier will complicate domestic policy of Selo regime. New govt is moving toward achievement real stability and socio-econ reforms. Israel leaders must understand that socio-econ progress Syria important for long run development whole area. Even if Israel leaders are not prepared negotiate with Arabs on Arab terms, they shld not tolerate actions (such as border incident, unnecessarily harsh treatment of Arab civilians, and bombing outrages) which further embitter Arabs. Some public disavowal such by Israel Govt and well-publicized investigation and punishment by it of offenders wld be bound have salutary effect on Arabs and wld help us in persuading Arabs Israel not so bad as they insist.

CANNON

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[1] Repeated to Tel Aviv, Amman, Ankara, Baghdad, Beirut, Cairo, Jerusalem, Jidda, London, and Paris.

[2] Printed as telegram 712 from Tel Aviv, Document 384.

No. 388

683.84A/1-2252: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

SECRET DAMASCUS, January 22, 1952—3 p. m.

436. Major Jaddid told Clark last night he had participated in mtg between Shishikli and Farid Zeineddine during afternoon at which Syria's position at UN on major issues such as MEC discussed. He said Shishikli was determined coop fully with West if arms aid available and that next move up to US.

He said Syria had agreed return to Israel Jan 22 five Israeli prisoners held here (Deptel 276, Jan 14) [2] in return Israel promise release Syrian ship held Haifa and transfer to Syrian territory of 120 Arabs at Shaab whose families had requested Syrian action reunite them. He said he had agreed release five Israeli prisoners at Col Taxis request since had great confidence in Taxis fairness.

Clark expressed strong approval Jaddid's cooperative attitude towards TSO and urged early MAC mtgs. Jaddid replied he also wanted MAC mtgs held and he had told Taxis if Israel wld discuss certain urgent zones problems Syria wld participate at once. He had hopes early mtg wld be held.

He said Syria did not intend raise question drainage project Security Council for time being. He agreed this was question which cld be most usefully pursued in MAC adding "if only Israel wld agree."

We hope no hitch will develop in exchange of prisoners and will report if exchange effected. We have no reason disbelieve Jaddid's appraisal Shishikli's attitude.

CANNON

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[1] Repeated to Paris, London, Tel Aviv, Amman, Baghdad, Beirut, Cairo, Jidda, Jerusalem, Tripoli, Ankara, and Moscow.

[2] Same as telegram 490 to Tel Aviv, Document 382.

No. 389

320/1-2252: Telegram

The Acting Chairman of the United States Delegation at the United Nations General Assembly (Roosevelt) to the Department of State

SECRET PARIS, January 22, 1952—10 p. m.

Delga 1142. For Hickerson (UNA) from Gross. Re: Suez. Eban (Israel) on instrs from Tel Aviv said his govt is increasingly restless about inactivity SC on Suez res.[1] It fears world attention re Suez is focused so much on Anglo-Egypt relations that Israel's interests in unmolested transit is becoming forgotten. Eban has talked along same line to Jebb. I gather this is first warning of possible Israeli plan to present at Suez ports cargoes or ships openly destined for Israel. If transit refused, Israel would probably raise matter in SC, seeking SC steps to obtain compliance with Sept 1 SC res.

Does Dept want me to talk with Jebb, and if so along what line?

ROOSEVELT

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[1] Reference is to the resolution adopted by the Security Council on Sept. 1, 1951 calling upon Egypt to terminate restrictions on the passage of international shipping through the Suez Canal (U.N. doc. S/2322); for text, see *Foreign Relations*, 1951, vol. v, p. 848.

No. 390

785.00/1-2352: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET TEL AVIV, January 23, 1952—5 p. m.

750. Pursuant instr Deptel 495, Jan 15, I discussed this morning with FonMin Sharett recent excursions into Arab territory to commit acts of reprisal involving destruction of property and loss of life. Stressed unfortunate adverse effect in Israel, ME and friendly nations working for peace and stability. FonMin said he appreciated frank expression US views, which wld be fully reported to cabinet. He then reiterated familiar doctrine that language of reprisals is only one Arabs seem to understand and that he hoped increased stability wld result from these unfortunate incidents once Arabs understood they cannot achieve their purposes through acts of violence. His remarks in effect tended confirm views set forth Embtels 725 Jan 18 and 712 Jan 16.

At end of interview stated we cld never agree policy of reprisals justified in any circumstances, being convinced it wld only lead to greater difficulties and effectively prevent re-establishment of normal relations, but responsibility determination of policy on this point wld of course have to be Israel's. Added that my primary purpose was to inform him of deep concern of US Govt over ill effects both in ME and abroad of policy now being followed.

DAVIS

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[1] Repeated to London, Paris, Ankara, Amman, Baghdad, Beirut, Cairo, Damascus, and Jerusalem.

No. 391

Resolution 512 (VI), Adopted by the United Nations General Assembly on January 26, 1952 [1]

The General Assembly,

Recalling all the resolutions adopted at previous sessions of the General Assembly on the Palestine problem,

Having examined the progress report [2] of the United Nations Conciliation Commission for Palestine,

1. *Expresses its appreciation* to the Conciliation Commission for Palestine for its efforts to assist the parties to reach agreement on their outstanding differences;

2. *Notes with regret* that, as stated in paragraph 87 of the report, the Commission has been unable to fulfill its mandate under the resolutions of the General Assembly;

3. *Considers* that the governments concerned have the primary responsibility for reaching a settlement of their outstanding differences in conformity with the resolutions of the General Assembly on Palestine;

4. *Urges* the governments concerned to seek agreement with a view to an early settlement of their outstanding differences in conformity with the resolutions of the General Assembly on Palestine, and for this purpose to make full use of United Nations facilities;

5. *Considers* that the Conciliation Commission for Palestine should continue its efforts to secure the implementation of the resolutions of the General Assembly on Palestine and accordingly should be available to the parties to assist them in reaching agreement on outstanding questions;

6. *Requests* the Conciliation Commission for Palestine to render progress reports periodically to the Secretary-General for transmission to the Members of the United Nations;

7. *Requests* the Secretary-General to provide the necessary staff and facilities for carrying out the terms of the present resolution.

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[1] Approved by the General Assembly at its 365th plenary meeting on Jan. 26 by 48 votes to 5, with 1 abstention. Material on U.S. interest in the Palestine Conciliation Commission not here printed is in Department of State file 357.AC.

[2] Reference is to the progress report of the Palestine Conciliation Commission covering the period Jan. 23–Nov. 19, 1951; for the text, see U.N. doc. A/1985.

No. 392

Resolution 513 (VI), Adopted by the United Nations General Assembly on January 26, 1952 [1]

The General Assembly,

Recalling its resolution 302 (IV) of 8 December 1949, as amended by resolution 393 (V) of 2 December 1950,

Having examined the report[2] of the Director of the United Nations Relief and Works Agency for Palestine refugees in the Near East and the special joint report[3] of the Director and the Advisory Commission of the United Nations Relief and Works Agency,

Having considered the three-year programme of relief and reintegration recommended by the Director and the Advisory Commission of the United Nations Relief and Works Agency,

1. *Commends* the United Nations Relief and Works Agency for the development of a constructive programme which will contribute effectively to the welfare of the refugees;

2. *Endorses,* without prejudice to the provisions of paragraph 11 of resolution 194 (III) of 11 December 1948 or to the provisions of paragraph 4 of resolution 393 (V) of 2 December 1950 relative to reintegration either by repatriation or resettlement, the programme recommended by the United Nations Relief and Works Agency for the relief and reintegration of Palestine refugees, which envisages the expenditure of $US 50 million for relief and $200 million for reintegration over and above such contributions as may be made by local governments, to be carried out over a period of approximately 3 years starting as of 1 July 1951;

Recognizing the concern of the United Nations in the problem of the Palestine refugees,

3. *Urges* the governments of the countries in the area to assist, with due regard to their constitutional processes, in the carrying out of this programme and to extend to the United Nations Relief and Works Agency, a subsidiary organ established by the General

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[1] Approved by the General Assembly at its 365th plenary meeting on Jan. 26 by 49 votes to none, with 5 abstentions.

[2] The Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) submitted on Sept. 28, 1951 an annual report covering the period from May 1, 1950 to June 30, 1951. (U.N. doc A/1905)

[3] This special report, submitted on Nov. 29, 1951, recommended that the General Assembly endorse and urge contributions for a $250 million program of assistance to Near Eastern governments for the relief and reintegration of Palestine refugees, to be conducted over a period of approximately 3 years starting July 1, 1951. It was suggested that $50 million be provided for relief and $200 million for reintegration, and that local governments should assume the greatest possible administrative responsibility at the earliest date. (U.N. doc. A/1905/Add. 1)

Assembly, their co-operation in the elaboration of specific projects and in the general performance of its functions;

4. *Invites* the United Nations Relief and Works Agency to explore with the governments concerned arrangements looking towards their assuming administration of reintegration projects at the earliest possible date;

5. *Requests* the United Nations Relief and Works Agency to explore with the governments concerned the desirability and practicability of transferring the administration of relief to those governments at the earliest possible date, and considers that the United Nations Relief and Works Agency should continue to carry the cost of the supply programme, subject to paragraphs 2 and 6, and to provide assistance for the health, welfare and education programme along with the duty of making such inspection and such verification of accounts as may be necessary;

6. *Considers* that relief expenditures should be reduced in suitable proportion to reintegration expenditures;

7. *Decides* that the amount of $20 million provided for direct relief in resolution 393 (V) of 2 December 1950 should be increased to $27 million for the fiscal year ending 30 June 1952;

8. *Decides* that, consequent upon paragraph 2 above, the amount of $30 million provided in resolution 393 (V) of 2 December 1950 for reintegration should be increased to not less that $50 million, and credited to the reintegration fund provided for in that resolution for the fiscal year ending 30 June 1952;

9. *Approves* the budget recommended by the United Nations Relief and Works Agency for the fiscal year 1 July 1952 to 30 June 1953, of the equivalent of $118 million of which $100 million shall be available for reintegration and $18 million for relief;

10. *Authorizes* the United Nations Relief and Works Agency to transfer funds allocated for relief to reintegration;

11. *Urges* the governments of Member States to make voluntary contributions to the extent necessary to carry through to termination the programme set forth in paragraph 2 above;

12. *Requests* that negotiations regarding contributions for the proposed three-year programme be carried out with Member and non-Member States by the Negotiating Committee for Extra-Budgetary Funds established by resolution 571 B (VI), adopted by the General Assembly on 7 December 1951;

13. *Expresses its appreciation* of the assistance afforded to the United Nations Relief and Works Agency by the specialized agencies and the United Nations International Children's Emergency Fund and urges them to render all services possible to strengthen the programme of refugee relief and reintegration, and to co-operate with the Secretary-General and the United Nations Relief and

Works Agency in ensuring that the total assistance of the United Nations to Palestine refugees is rendered with the maximum of co-ordination and efficiency;

14. *Expresses its appreciation* to the numerous religious, charitable and humanitarian organizations whose programmes have afforded valuable supplementary assistance to Palestine refugees, and again requests them to continue and expand to the extent possible the work which they have undertaken on behalf of the refugees.

No. 393

684A.85/1-2852: Telegram

The Chargé at Jerusalem (Parker) to the Department of State [1]

RESTRICTED JERUSALEM, January 28, 1952—4 p. m.

102. Jordan-Israel MAC delegations have informally agreed to two-week trial starting midnight Jan 30 of plan originally proposed by De Ridder some months ago for peaceful handling infiltration and minor border incidents. Each side promises (1) take extraordinary measures such as stronger border patrols and closer supervision village head men to prevent its people infiltrating, (2) arrest and return home for punishment all unarmed and peaceful infiltrators rather than shooting them, (3) return all goods stolen by infiltrators, (4) settle all minor disputes on local commander level rather than in MAC. If procedure proves workable will presumably continue indefinitely after trial period ends.

As evidence their desire cooperate in proposal, Ramati informs me Israelis are replacing notably "trigger-happy" units now on frontier and who, he inferred, were responsible Battir incident (Contel 100, Jan 22), [2] with less ferocious troops during trial period, but if trial is unsuccessful "because Jordanians fail to cooperate" trigger-happy units will probably return to border area with orders to shoot on sight anything that moves. He informed me Israel must take "whatever means necessary" to prevent infiltration into Israel and implied, as he did when questioned about Beit Jala incident, that end justifies means.

PARKER

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[1] Repeated to Tel Aviv, Amman, London, Cairo, Beirut, Damascus, and Baghdad.

[2] Not printed.

BEST COPY AVAILABLE

No. 394

320/1-2252: Telegram

The Secretary of State to the United States Delegation at the United Nations General Assembly, at Paris [1]

SECRET WASHINGTON, January 28, 1952—4:15 p. m.

Gadel 853. While US mindful of Israel as well as world interests in free transit Suez Canal (Delga 1142) [2] believe reopening question SC res Sep 1 re Suez this time wld not serve Israel's best interests or those other interested parties or contribute to settlement this problem. Present status Anglo-Egyptian relations make unlikely any SC action wld be effective or helpful this time. Also believe public discussion of issues or attempt by Israel make test case wld only exacerbate already seriously strained relations between Egypt and West. When progress has been made in solution Anglo-Egyptian question more opportune occasion may arise take up implementation SC res Sep 1.

Recommend you inform Eban US views and suggest he may wish limit himself this time to informal talks with cosponsors SC res Sep 1. Emb Tel Aviv auth inform FonOff US views this matter.

ACHESON

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[1] Repeated to Tel Aviv, London, Ankara, and Cairo.

[2] Document 389.

No. 395

684A.85/1-3152: Telegram

The Secretary of State to the Legation in Jordan [1]

SECRET WASHINGTON, January 31, 1952—7:20 p. m.

216. Jordan Min Haikal called NEA Jan 29 under instrs discuss urgently recent incidents Jordan-Israel border. Reported grave concern his Govt over aggressive and deliberate nature coordinated attacks on Jordan terr and shooting Jordan citizens. Said principal danger lay in aroused public opinion in Jordan which presently criticizing Jordan Govt for lack of action retaliate this infringement Jordan sovereignty and murder its citizens. Stressed wider effect of adverse public reaction in Iraq and other neighboring states cld only further delay improvement Israel Arab relations.

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[1] Repeated to Tel Aviv, Damascus, Beirut, and Jerusalem; sent by pouch to Baghdad, Jidda, and Cairo.

BEST COPY AVAILABLE

Dept rep informed Min of action taken Deptel 495 Jan 15 to Tel Aviv and Deptel 649 Jan 22 to Beirut [2] and reported representation by Amb Tel Aviv to Israel FonMin on this subj. Emphasized Dept's continuing concern and thanked Jordan Min for clear presentation.

Emb Tel Aviv auth as appropriate occasion arises inform FonOff of wider repercussions these incidents and of Dept's belief that recent Israel invasion Jordan terr and subsequent shootings and bombings unwarranted method dealing with infiltration. While such action may reduce infiltration temporarily, it bound have far wider repercussions both here and in Arab states. Continued actions this sort will increase pressure Jordan Govt do something retaliate and will further postpone final settlement outstanding issues between Israel and Arab states. While Dept gratified *modus vivendi* now apparently worked out in MAC (Jerusalem Contel 102 Jan 28), wld urge Israel Govt give procedure extended fair trial and not resume forceful tactics under circumstances implied by Ramati remarks Contel 102.

Leg Amman auth inform Jordan Govt steps taken by Dept to date and that this matter of continuing concern US. Might also inform that Haikal impressed Dept with his presentation this dangerous sitn.

ACHESON

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[2] In telegram 649 to Beirut, Jan. 22, 4:21 p. m., the Department authorized the Legation at its discretion to inform General Riley that the Department hoped he would agree to submit a detailed Truce Supervision Organization report to the United Nations on recent incidents before the Jordan–Israel Mixed Armistice Commission, especially on shootings along the Jordan–Israel border. (684A.85/1–2252)

The Legation reported that it had shown telegram 649 to Riley on Jan. 25. (Telegram 721 from Beirut, Jan. 25, 7:09 a. m.; 684A.85/1–2552)

No. 396

684A.85/2–452: Telegram

The Minister in Jordan (Drew) to the Department of State [1]

CONFIDENTIAL AMMAN, February 4, 1952—noon.

219. Re Deptel 216, Jan 31, 7 p. m. I informed Prime Min Tawfiq Pasha Abul Huda Feb 2 of purport our conversations with Israelis Washington and Tel Aviv. He was sincerely appreciative and expressed opinion our firm line has already brought about more moderate attitude of Ramati on MAC reflected in agreement on infiltrators reported Jerusalem ConGen cable 102, Jan 28. He made

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[1] Repeated to Tel Aviv, Damascus, Beirut, Jerusalem, Baghdad, Jidda, and Cairo.

strong appeal for me to urge Dept inform press of our action arguing it would: (a) Help prevent resumption former brutal treatment infiltrators, pointing out Israelis only respect force or fear adverse publicity; (b) help convince Arabs we really are impartial and willing castigate Israelis when they in wrong; (c) breathe life into tripartite declaration May 25, 1950; (d) strengthen hand of moderate civilian element in Israeli Govt vis-à-vis more ruthless military faction now dictating frontier policy; (e) counter growing communist line Jordan that we are invariably soft with Israel.

I am impressed by cogency these and other arguments advanced by Prime Min to support his appeal and while fully cognizant delicacy situation believe that suitable publicity in Wash wld be beneficial to all concerned.

DREW

No. 397

683.84A/2-652: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

CONFIDENTIAL DAMASCUS, February 6, 1952—5 p. m.

462. Re Legtel 436, Jan 22.

1. At request Col Taxis, Major Jaddid agreed some time ago permit closing of dam gates on upper Jordan ostensibly allow repair Daughter of Jacob's Bridge abutments damaged by flood waters. Jaddid agreed only on understanding this wld not constitute precedent and TSO wld coordinate with owners Bouteiha farm ensure adequate irrigation water. However, little work has been done on bridge and Israelis have worked intensively on drainage project with full knowledge Jaddid. Heavy rains over weekend have caused overflow around dam minimizing benefits of floodgate closure.

2. Arabs of demilitarized zone at lower end of Lake Huleh seized 3 Israeli fishermen last week and turned them over to Syrians. Subsequently an investigation party including UN observer were fired on by same Arabs when their boat approached eastern shore of Huleh. One Israeli fatally wounded and UN observer escaped injury only by lying in bottom of boat. Jaddid promptly returned 3 captives to Israel and arrested 3 zone Arabs responsible for shooting. He promises stern action and will supply TSO with evidence of punishment meted out.

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[1] Repeated to Tel Aviv, London, Paris, the Arab capitals, Jerusalem, Tripoli, Ankara, and Moscow.

Comment: This is second recent incident involving Israeli fishermen approaching close to Arab-held terr and points up need for settlement demilitarized zone problems preferably through early resumption MAC mtgs which we understand TSO endeavoring arrange. This wld have to involve Israeli agreement MAC consider questions over which they have hitherto denied it has jurisdiction.

CANNON

No. 398

884A.00/2-852

Memorandum by the President to the Secretary of State [1]

WASHINGTON, February 8, 1952.

I understand that the tentative budget figures for Mutual Security for fiscal year 1953 include the sum $25 million for Israel. I further understand that a program for Israel aggregating about $80 million has been developed within the Department of State. After considering the various aspects of the situation, I believe that the program for Israel for fiscal year 1953 should total $80 million, and that the additonal $55 million should be in addition to the amounts heretofore contemplated for economic aid.

HARRY TRUMAN

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[1] Addressed also to Director for Mutual Security Harriman and Director of the Bureau of the Budget Lawton.

No. 399

974.5301/2-852: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, February 8, 1952—8:19 [?] p. m.

1198. 1. Dept appreciates delicacy any approach Egypt this time re SC res on freedom transit Suez Canal including vessels bound for Israel but PriMin Maher has himself informed Secy (para 1, Dept's 3682, Feb 5 to London)[2] he appreciates fully importance free passage of Canal. Notwithstanding US advice Gadel 853 to

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[1] Repeated to London, Paris, Ankara, Tel Aviv, Jidda, Beirut, Amman, Baghdad, and Damascus.

[2] Not printed.

Paris,[3] Israel appears determined (Tel Aviv Embtel 799 Feb 6)[4] raise this issue in relatively near future, as least with US and UK. Public discussion matter might constitute new emotional element which wld work against overall solution of problems with Egypt since US and others who voted for res wld be compelled reaffirm position they took in SC if pressed on this matter. We continue believe present time highly inappropriate for Israel to air this question and will so inform Israel reps Wash. Emb Tel Aviv authd reiterate to Israel Govt Dept position as stated Gadel 853.

2. Request comment missions concerned re desirability making fol approach Egypt Govt:

Ideal solution for this problem wld be for it to quietly disappear through Egyptian action as part of gen lowering of temperatures. Maher Govt did not institute restrictions on Israel-bound ships. On sound basis of Egypt's internal responsibilities vis-à-vis Canal, Egypt Govt cld quietly lift these restrictions. If this were done we wld strongly urge Israel in its own interest not to crow about it as victory over Arabs. If Maher Govt is taking new and realistic look at Egypt's internatl position we wld think that restrictions on ships bound for Israel through Canal wld be one of first things it wld wish to rectify.

ACHESON

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[3] Document 394.

[4] Not printed.

No. 400

320.2AA/2-852: Telegram

The Secretary of State to the Legation in Lebanon [1]

CONFIDENTIAL WASHINGTON, February 8, 1952—8:39 p. m.

715. Ref: Deptels Amman 49 (rpted Beirut as 161) August 16, 1951;[2] Deptel Beirut 208, August 30;[3] Legtel Beirut 194 August

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[1] Identified also as telegram Unrap 231; repeated to Damascus as telegram 315, and to Tel Aviv as 560.

[2] *Foreign Relations*, 1951, vol. v, p. 837.

[3] In telegram 208 to Beirut, Aug. 30, 1951 (identified also as telegram Unrap 188), the Department stated (in response to telegram 194 from Beirut, Aug. 28, described in footnote 4 below) its doubt that the Israeli Government was in a position to claim that the Jordanian development of the Yarmuk River was a hostile act, but considered that a political agreement on this question, as well as on other problems relating to the Jordan water system, should be reached by Israel and the interested Arab states prior to developments undertaken by either side. The Department was agreeable to any solution satisfactory to both Israel and the Arab states, but believed the

Continued

28;[4] Legtel Beirut 212 September 4.[5] View urgency proceed UNRWA projects, Dept has given further cons Jordan irrigation proposal contained MacDonald report published March 1951.[6] Fact that engineering plans well advanced and presumption that objectives UNRWA program wld be furthered by such proj in HKJ, both lead necessity of thorough examination all or part this proj for UNRWA purposes.

Dept interest learn soonest other proposals which cld conceivably result establishment 18 thousand new self-sustaining farms within reasonable time.

Fol course action suggested: US Member Adcom shld press for early consideration UNRWA of all MacDonald proposals or initial stages thereof; UNRWA shld be urged: (1) study proposals on merits regardless polit boundary problems and water rights; (2) discuss with HKJ Syria and Israel possibilities some such proposals being put into effect.

If sound technical grounds exist to push ahead, Dept will do everything feasible to assist UNRWA resolve polit difficulties. Meanwhile Dept wld appreciate comment Missions Amman, Damascus, Beirut, Tel Aviv re practicability UNRWA undertaking this proj in light political difficulties as you see them.

ACHESON

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procedure outlined in its telegram 161 to Beirut of Aug. 16 was most likely to achieve results. The Department further stated that it would object to the use of U.S. or U.N. funds for the Yarmuk project until such agreement had been reached. (320.2AA/8-3051)

[4] Telegram 194 from Beirut, Aug. 28, 1951 (identified also as telegram Rapun 208) conveyed Blandford's request to have the Department's answer to the following questions with regard to the Yarmuk project: "(1) Is Israel likely claim Jordan development of Yarmuk is hostile act? (2) Does Dept contemplate using US grant aid funds on Yarmuk projects?" (320.2AA/8-2851)

[5] Not printed.

[6] Sir Murdoch MacDonald and Partners, *Report on the Proposed Extension of Irrigation in the Jordan Valley* (London, 1951).

No. 401

784A.5 MSP/2-1152

The Acting Secretary of State to the Secretary of Defense (Lovett)

TOP SECRET WASHINGTON, February 11, 1952.

MY DEAR MR. SECRETARY: The Department of State has received from the Chargé d'Affaires of the Israel Embassy a note[1] requesting on behalf of the Israel Government reimbursable military assistance from the United States in accordance with Section 408(e) of the Mutual Defense Assistance Act of 1949, as amended.

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[1] Dated Jan. 28, not printed. (784A.5 MSP/1-2852)

You will recall that the Department in its letter to you on December 3, 1951,[2] recommending that a limited amount of arms be made available to Syria on a reimbursable basis, pointed out that requests for comparable assistance might be expected from other states in the area and stated that Defense would be asked from time to time to consider possible additional programs.

In the judgment of the Department of State, Israel's ability to defend itself and to participate in the defense of the area of which it is a part is important to the security of the United States. Moreover, now that both Syria and Saudi Arabia have been found eligible for reimbursable arms aid, the principle of impartiality set forth in NSC 47/2 and NSC 47/5,[3] in the Department's opinion, requires approval of the Israel request. The latter document, it will be recalled, stipulates that United States arms aid should be apportioned "without partiality but consistent with strategic considerations as between Israel and the several Arab states."

This Department therefore considers that Israel should be declared eligible for arms assistance on a reimbursable basis, under Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended, and requests Defense concurrence in a joint recommendation to this effect to the Director for Mutual Security.

Any arms deliveries to Israel undertaken pursuant to the proposed finding must, of course, be in keeping with the principle of impartiality as stated in NSC 47/5. The Department assumes, therefore, that such deliveries will be subject to the stipulations concerning quantities and types which the Joint Chiefs of Staff stated for Syria and which were set forth in Mr. Foster's letter of December 8, 1951[2]—i.e., "a limited amount of selected equipment," consisting of "non-competitive items under existing priority guidance formulated by the Joint Chiefs of Staff and which do not interfere with current United States or Mutual Defense Assistance programs".[4]

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[2] Not printed.

[3] For the text of NSC 47/2, "United States Policy Toward Israel and the Arab States," dated Oct. 17, 1949 and approved by the President on Oct. 20, 1949, see *Foreign Relations*, 1949, vol. VI, p. 1430. NSC 47/5, on the same subject, was dated Mar. 14, 1951 and approved by the President on Mar. 17, 1951; for the text, see *ibid.*, 1951, vol. V, p. 95.

Sincerely yours, **JAMES E. WEBB**

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[4] In a separate note of Feb. 7, Israel requested grant military assistance under the Mutual Security Act of 1951 (P.L. 165), in particular under Title II, section 202. (784A.5 MSP/2-752)

No. 402

785.00/2-1352: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL TEL AVIV, February 13, 1952—7 p. m.

827. Took occasion this morning inform FonOff of views Dept expressed Deptel 540 January 31 [2] re bombing of settlements in Jordan territory. In absence of FonMin Sharett, I spoke with Walter Eytan, Dir Gen FonOff referring to my earlier conversation with FonMin (Embtel 750 Jan 23). Eytan assured me that everything possible was being done to ensure success of *modus vivendi* with Jordan; said he had spoken recently with police commander at Afula, who states nocturnal infiltration by armed groups ceased immed when agreement became effective. This was interpreted us evidencing that Jordanian auths cld prevent infiltration when they wished to do so.

I mentioned fact that Israel public is not fully and accurately informed events size Beit Jala bombings while they have access to complete info re depredations committed against Israelis. This tends to make public feel that reprisals are justified while at same time it leaves them ignorant of unfortunate effect such incidents have abroad and unprepared for adverse reactions in UN and elsewhere.

DAVIS

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[1] Repeated to London, Paris, Ankara, Amman, Beirut, Damascus, and Jerusalem.

[2] Printed as telegram 216 to Amman, Document 395.

No. 403

320.2 AA/2-2752: Telegram

The Minister in Syria (Cannon) to the Department of State[1]

CONFIDENTIAL DAMASCUS, February 27, 1952—noon.

486. We agree with Deptel 315, Feb 8[2] re advisability approach problem of Jordan water rights and development projects on technical level at earliest opportunity.

As we have previously emphasized, Syrians see control of Jordan headwaters as bargaining weapon in their campaign obtain "natural boundaries" (Legdes 317 Dec 5,[3] Legtel 319 Dec 3).[4] Since they think they have excellent case they shld welcome visit by experts, but probably with caveat. Syria willing reach agreement with Israel over water rights only on basis settlement of demil zone dispute by dividing zone along water line. They may also raise question of timing, since Selo Govt is now faced with problem of reversing previous govt's negative attitude toward MSP, MEC, and refugee resettlement, and may therefore feel saturation point reached for time being.

In spite of polit difficulties UNRWA approach to Syrian Govt stressing international non-polit character of undertaking might be well recd if material gains for Syria cld be cited. Jordan's acceptance of proposals wld facilitate negots with Syria.

CANNON

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[1] Repeated to Beirut, Amman, Tel Aviv, London, Ankara, Baghdad, Cairo, Jerusalem, Jidda, Moscow, Paris, and Tripoli.

[2] Printed as telegram 715 to Beirut, Document 400.

[3] Not printed.

[4] *Foreign Relations*, 1951, vol. v, p. 950.

No. 404

784A.5 MSP/2-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

CONFIDENTIAL TEL AVIV, February 27, 1952—6 p. m.

880. Embtel 879, Feb 27 re signing this morning of agreement under Section 205 Mutual Security Act.[2]

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[1] Repeated to Paris, London, Ankara, Beirut, Damascus, Amman, Cairo, Baghdad, and Jerusalem.

[2] Telegram 879 from Tel Aviv, Feb. 27 (884A.00 TA/2-2752), referred to the exchange of notes that morning effecting an economic assistance agreement between

Continued

BEST COPY AVAILABLE

In conversation with Foreign Minister Sharett, I took occasion mention several points covered in Embtel 844, Feb 20.[3] Stressed importance to effective economic cooperation of continuing to have the complete detailed info now being supplied by GOI authorities. Also reminded Foreign Minister of our great interest in efforts improve Arab-Israel relations. Sharett said he appreciated importance of supplying info referred to, and agreed that everything possible should be done to improve Israel's position with respect to its neighbors. Said he was glad to say GOI had recently received from Jordan sources an indication of interest in improving relations with Israel. Foreign Minister Sharett plans leave tomorrow for Paris enroute London where he expects remain for several weeks.

DAVIS

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the United States and Israel relating to the relief and resettlement of refugees; for the text, see 3 UST (pt. 3) 3703.

[3] Telegram 844 from Tel Aviv, Feb. 20, referred in part to a procedure initiated on Jan. 14 under which semimonthly conferences were held with officials of the Ministry of Finance concerning the details of balance of payments, ordinary development and defense budgets, internal and external debt positions, current foreign exchange positions, and overall plans for the stabilization of the Israeli economy. The telegram also referred to Technical Cooperation Administration procedures for the disbursement of aid funds on the basis of programs covering specific projects; and to the importance for Israel of keeping its resources under constant scrutiny. (884A.00 TA/2-2052)

No. 405

784A.5 MSP/2-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET TEL AVIV, February 27, 1952—6 p. m.

881. Enlarging on info from FonMin (Embtel 880, February 27) that GOI has recd indication of Jordanian interest in possible modification Arab attitude toward Israel, Michael Comay, Acting DirGen FonOff gave me fol details which he requested we treat as confidential for obvious reasons. He identified Jordanian source as Ahmed Touqan Jordan's rep on MAC saying latter had expressed desire have informal talk with S Divon, Acting Dir ME Div Israel FonOff who met him in Jerusalem Monday February 25 for that purpose.

According to Comay, Touqan indicated that PriMin Abulhuda had expressed interest in possibility of some change in attitude of

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[1] Repeated to Paris, London, Ankara, Beirut, Damascus, Amman, Cairo, Baghdad, and Jerusalem.

Arab League toward Israel and thought matter might come up at meeting scheduled for latter part March. His interest was based on (1) more moderate tone noted in recent Egyptian pronouncements relating to Israel, and (2) fact that publicity in this sense in Jordan had elicited no expression of public disapproval.

Comay stated further that rep Leb Govt had expressed interest in having conversation with Makleff, who until recently was deputy chief of staff. Since latter now England Major Gen. Yadin, chief of staff, replied he wld be glad take part in conversations personally. His offer was accepted and mtg has been arranged for tomorrow, Thursday February 28 at Rea En Nakoura. Comay said there was nothing very definite about either of these developments but he thought US Govt wld be interested nevertheless.

Davis

No. 406

684A.85/2-2952: Telegram

The Chargé in Jordan (Fritzlan) to the Department of State [1]

SECRET AMMAN, February 29, 1952—4 p. m.

244. Re Tel Aviv tel 881, Feb 27. This morning had long conversation with Ahmad Tuqan, Jordan rep on MAC re conditions on Israel Jordan frontier. He informs me that in his opinion Israelis have legitimate grievance against large scale Arab infiltration, in some cases involving killing and marauding, which has taken place in recent months though he does not consider Israel reprisals warranted. In effort to rectify situation he and his Israeli counterpart agreed as of Feb 1 institute system whereby at nine points on frontier Jordan and Israeli police officers in control would confer daily re infiltration in effort take any necessary corrective measures. This system has worked surprisingly well and he hopes situation will be continued.

When queried as to whether he believed his improvement in conditions on frontier might lead to some larger degree of settlement he recounted statements attributed to him in reftel. He stated some three weeks ago Egypt papers *Al Ahram* and *Rose Al Yusuf* had written articles indicating Anglo-Egypt talks in prospect and these talks would probably contribute to settlement of outstanding issues between Israel and Arab states. He added these reports had been circulated in Jordan press together with Ali Maher's statement that though Egypt would not make unilateral settlement with Israel, his govt would follow wishes of Arab states in matter. No adverse editorial comment had resulted. Tuqan indicated some time ago he had attempted convince PriMin Abulhuda that Jordan's interest lay in broadening base of settlement with Israel if necessary without participation other Arab states. He stated Abulhuda had been receptive to consideration of idea and had stated he would have private talks with other Arab reps at Arab League Council meeting in Cairo.

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[1] Repeated to Baghdad, Cairo, Jidda, Beirut, Damascus, Tripoli, Jerusalem, Paris, London, Ankara, and Tel Aviv.

Foregoing is of interest as indicating some improvement in Jordan-Israel relations and possibly some modification in Jordan Govt policy. However, Abulhuda is extremely cautious and slow to move. Moreover he is very sensitive of attitude other Arab states toward his policies.

FRITZLAN

No. 407

784A.5 MSP/2-2952: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, February 29, 1952—5 p. m.

894. Embtel 881 [2] and Deptel 623 Feb 28 [3] re mtg Chief of Staff Gen Yadin with Leb Rep yesterday at Ras En Nakoura.

Acting Dir Gen Fon Off Comay states mtg at which Gen Riley present was "very satisfactory" both as to atmosphere and substantial results. Parties agreed sign mutual undertaking re ships in distress similar to agreement concluded with Syria. Matter will be cleared with next mtg of MAC expected take place near future, perhaps next week. Agreement wld be extended to ships belonging to third countries other than Egypt, Jordan or Syria, latter's point not to be included in formal agreement but made of record by communications from Gen. Riley.

It was agreed further to settle claims arising from sale in Leb of cargo destined for Israel on one hand, and seizure of several flocks of sheep by Israel. First flock seized is to be retained in compensation for cargo while others are to be returned or corresponding compensation made.

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[1] Repeated to Paris, London, Ankara, Beirut, Damascus, Amman, Cairo, Baghdad, and Jerusalem.

[2] Document 405.

[3] Telegram 623 to Tel Aviv, Feb. 28, stated that the Israeli Embassy in Washington had informed the Department that General Yadin, the Israeli Chief of Staff, was meeting Colonel Salim, the Lebanese Chief of Staff, on Feb. 28 at the latter's request, with General Riley present. The Department requested the comment of the Embassy in Israel. (683A.84A/2-2852)

Source added that progress had been made in arranging to permit certain persons of Jewish faith to emigrate from Leb but detailed report on this subj not yet recd by Fon Off.

DAVIS

No. 408

262.84A41/3-352: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

CONFIDENTIAL DAMASCUS, March 3, 1952—6 p. m.

493. Acting Fon Min Farra handed me fol note today:

"Syrian Govt has learned question of reparations payment by Western Germany to Israel for Jewish losses during Nazi regime is progressing and that final negots to this end are expected take place soon.

"Min Fon Affairs wishes draw attention to fact that Arab Palestinian refugees whose homes have been demolished and whose property has been confiscated for benefit of Jews who were brought into Palestine are more entitled to these reparations than Israel which is responsible for dispersion of about one million Arab refugees.

"In asking for transfer of these reparations for benefit of Pal refugees, Syrian Govt hopes US Govt will support its viewpoint and use its good efforts for sequestration of such reparations for just and humane purpose referred to above, according to some system to be set up under United Nations supervision or in internatl fund, or through reparation office to be agreed upon".

Farra asked me to obtain info on status reparations question and US views on sharingout of sums eventually decided on. He said he was handing similar notes to Brit and French Mins but added that since US wld probably bear ultimate burden of any reparations paid by Germany Syria hopes favorable initiative will be forthcoming from US.

CANNON

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[1] Repeated to London, Paris, Tel Aviv, Amman, Ankara, Baghdad, Beirut, Cairo, Jerusalem, and Jidda.

No. 409

684A.86/3-452: Circular telegram

The Secretary of State to Certain Diplomatic Missions [1]

SECRET WASHINGTON, March 4, 1952—4:42 p. m.

758. Dept interested recent developments NE connected with Arab-Israel relations and refers fol: Iraqi PriMin Nuri's remarks as reported by UK rep Baghdad that Arab Collective Security Pact might be framed as instrument of defense against aggressive threats external to ME rather than against Israel (Baghdad Embtel 682 Feb 27): [2] recent mtg Leb rep with Gen Yadin and actions and comments Ahmad Touqan, Jordan rep Israel–Jordan MAC (Tel Aviv Emb tels 881 Feb 27 and 894 Feb 29 and Amman Legtel 244 Feb 29). Israel reps Wash currently stressing that Egypt reps at UNGA Paris considerably more moderate toward Pal question than other Arab reps and in private talks with Israel reps indicated steps improve Israel-Egypt relations might be possible near future. Israel interest also aroused by alleged remarks Zafrullah in Cairo (Tel Aviv Embtel 897 Feb 29, [3] Deptel to Cairo 1350 Mar 3 [4]). FYI Israel Amb Eban intends discuss these developments with Secy morning Mar 6.

While gratified these indications relaxation Arab-Israel tensions NE, Dept inclined view with reservation possibilities any concrete progress toward peace settlements at this time view past history this problem and other factors such as Anglo-Egyptian question.

Request addressee missions comment soonest.

ACHESON

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[1] Sent to Cairo, Baghdad, Jidda, Amman, Beirut, Damascus, Tel Aviv, London, Paris, Ankara, and Karachi.

[2] Not printed.

[3] Telegram 897 from Tel Aviv, Feb. 29, referred to a statement reported to have been made during a recent visit to Cairo by Zafrullah Khan, the Pakistani Minister of Foreign Affairs and Commonwealth Relations, that the settlement of Arab-Israeli differences was essential to regional collective security. The telegram reported that the Israeli Government was particularly interested in knowing the extent to which the statement might be interpreted as an indication that Egypt might be preparing ground for possible conversations with Israel, or other steps toward the improvement of relations. (684A.86/2-2952)

[4] Telegram 1350 to Cairo, Mar. 3, requested a text of Zafrullah's remarks. (684A.86/3-352)

No. 410

262.84A41/3-552: Telegram

The Minister in Lebanon (Minor) to the Department of State [1]

CONFIDENTIAL BEIRUT, March 5, 1952—noon.

903. FonMin Takla called me yesterday to transmit to me officially Leb attitude regarding German reparations for Israel. He said he was making similar verbal *démarches* to Brit and French Mins here. In reply my question whether this would be followed up by written document, he said no such document yet prepared but might be. He stressed, however, that this was a strong and formal *démarche*.

Takla said Leb Govt understands Brit, French, Amer Governments are associating themselves with Israel demand for German reparations. Leb Govt wishes call attention, he said to fact that Jews in Israel have committed same offenses against Arabs that Germans committed against Jews. Govt Israel has not taken steps recognize this fact or make reparations. FonMin then requested that US Govt recognize relationship between these two problems and freeze any German reparations obtained for Israel until steps are taken by Israel to meet its obligation to Arabs.

I replied to FonMin that I would bring views Leb Govt to attention Department.

MINOR

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[1] Repeated to London, Paris, and Tel Aviv.

No. 411

Secretary's Memoranda, lot 53 D 444

Memorandum of Conversation, by the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] March 6, 1952.

Subject: Visit of Israel Ambassador

Participants: The Secretary
Israel Ambassador Abba Eban
Israel Minister David Goitein
Mr. Waldo—NE

Problem: Evaluate reported of more favorable attitude toward Israel on the part of the Arab states

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[1] Drafted by Waldo.

The Ambassador referred to previous discussions in the Department concerning the Anglo-Egyptian difficulties and Israel's interest in a satisfactory solution of the Suez Canal question. He described the various favorable developments which had occurred recently bearing on Arab-Israel relations. These included meetings between high Israel and Arab officials on the Mixed Armistice Commission level, reports in Arab newspapers of a more favorable Arab attitude toward Israel, and statements of the Arabs themselves, particularly Egyptian representatives, and Sir Zafrullah Khan of Pakistan in Cairo which might indicate that the Arab states would soon consider placing their relations with Israel on a more normal basis. The Ambassador said that his Government was heartened by these developments, but they were maintaining a cautious attitude toward them. He stressed that the Egyptian representatives in Paris took a more conciliatory attitude toward the Israelis than any of the other Arab delegations, and said that if the Egyptians agreed to make peace his Government had no doubt that all of the other Arab governments would fall into line.

The Ambassador then requested that the Department ask the American representative in Cairo to inquire discreetly of the Egyptian Government whether the rumors of a more favorable Egyptian attitude had any significance. I said that, as the Ambassador was well aware, the US had always done its best to promote peace between the Arab states and Israel. We had frequently made known our views on this question to both sides and would continue to do so. We were likewise aware of these recent favorable reports to which the Ambassador had referred, and would look into them, bearing in mind what the Ambassador had requested.

The Ambassador then said that his Government was deeply concerned over the slowness with which projects were being approved and money was being spent under the Economic Assistance Program for Israel. The Ambassador said he did not intend to reflect on any individual concerned with the program, as relations between the Israel Government and TCA were excellent. He did hope, however, it would be possible to move forward more quickly in the near future. I said that I had been unaware of this situation and would take it up with my associates in the Department.

No. 412

684A.86/3-752: Telegram

The Chargé in Jordan (Fritzlan) to the Department of State [1]

SECRET AMMAN, March 7, 1952—noon.

249. Re Depcirtel 758, March 4. As mentioned in Legtel 244, Feb 29, Jordan Israel border relations have been relatively quiet in past month. Leg further understands from Ahmad Tuqan he proposing to PriMin Abulhuda Jordan agree adjustments armistice line in Latrun area which wld group villages in area together with their lands with result that monastery, several villages and portion Jerusalem road now in Jordan wld come within Israel and certain Arab villages in Israel wld come on Jordan's side of line. PriMin understood studying proposal.

Foregoing developments must be considered as of procedural rather than substantive importance. Leg has been unable discover any evidence indicating departure from PriMin's stated policy (Legtel 51, July 31) [2] that his govt will not make peace settlement with Israel apart from other Arab League members. Undoubtedly in Jordan (the only Arab country suffering substantially from adhering to polit and econ boycott of Israel) there is some support, largely based on private interest, for opening up normal relations with Israel and it is possible that at AL mtg in Cairo Abulhuda will sound out Egypt on matter. Egypt is probably key to sit which might develop from this mtg.

Local paper *Al-Diffa* has in last few days carried series of editorials violently attacking policy of peace with Israel. Writer refers to recent statements on subject in Israel press and concludes Israel seeking peace because pressure econ blockade acutely felt. Recent peace "maneuvers" are attributed to US and Egypt pressure and are said to be based on ME defense requirements.

FRITZLAN

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[1] Repeated to Baghdad, Jidda, Damascus, Jerusalem, Ankara, London, Cairo, Beirut, Tel Aviv, Tripoli, and Paris.

[2] *Foreign Relations*, 1951, vol. v, p. 990.

BEST COPY AVAILABLE

No. 413

684A.86/3–752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, March 7, 1952—3 p. m.

922. Re Depcirtel 758, Mar. 4. Emb believes still too early judge real significance and effect "peace feelers" and whether they may lead to improvement Arab-Israel relations. Official and public comment here has been cautious with strong undertone suspicion of Arab motives. Suspect attempt achieve acceptance Arab League Collective Security Org as chosen instrument ME defense (Embtel 881, Feb 27, [2] 891 and 897, Feb 29, 905, Mar 3 [3]).

Emb concurs in views probable significance of developments in question not great. Considers them noteworthy only because even slight change in generally negative attitude is hopeful.

DAVIS

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[1] Repeated to London, Paris, Ankara, Amman, Baghdad, Cairo, Damascus, Jerusalem, Beirut, and Karachi.

[2] In telegram 891, Feb. 29, the Embassy referred to apprehension on the part of the Israeli press that the inclusion of the Arab states in a regional military structure would be to the ultimate disadvantage of Israel. (684A.86/2–2952)

[3] In telegram 905, Mar. 3, the Embassy reported in part that although there was a genuine interest in "peace feelers" from Arab sources, official and public reaction in Israel was one of caution or suspicion. (684A.86/3–352)

No. 414

684A.86/3–952: Telegram

The Ambassador in Iraq (Crocker) to the Department of State [1]

SECRET BAGHDAD, March 9, 1952—9 a. m.

726. Depcirtel 758, March [4]. Emb has observed little or no change indicating relaxation Iraq–Israel tension. Nuri has repeatedly stressed, probably sincerely, (1) his conception collective security pact as being defensive without aggressive intention re Israel, (2) his view that pact cld be basis for wider defense arrangements against external threat (Embdesp 822 Mar 5 [2]). Such statements, however, shld not be interpreted as indicating real decrease basis

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[1] Repeated to Tel Aviv, Cairo, Beirut, Damascus, Tripoli, Benghazi, Jidda, Amman, and Jerusalem.

[2] Not printed; it described a conversation with Iraqi Prime Minister Nuri Pasha on the question of Middle East defense. (780.5/3–552)

Iraq antagonism to Israel. (Incidentally Zafrullah's remark re Israel severely criticized by press here.)

In Emb's view, 95 percent Iraq people still regard Israel as number one danger rather than USSR. Any change or developments will be reported fully.

CROCKER

No. 415

684A.86/3-1052: Telegram

The Minister in Lebanon (Minor) to the Department of State [1]

SECRET BEIRUT, March 10, 1952—4 p. m.

929. Replying Depcirgram [*sic*] 758 March 4. Legation believes discussions on Arab collective security pact, Zafrullah's recent tour and growing desire for resumption Arab-Israeli trade do open prospects for progress toward peace settlement but at same time we strongly believe these tendencies will not be translated into official action in Leb before such time as (1) Palestine refugee problem is settled; (2) some solution of Anglo-Egyptian problem is achieved; and (3) there is unmistakable evidence which Arab states can see of a truly unbiased US policy toward Arabs and Israel.

While Leb officialdom professes to be groping for some action in direction of peace, it recognizes strong popular feeling of kinship with Egyptian people. Therefore, Leb Govt cannot be expected to take lead among Arab states nor to take any concrete action toward peace settlement in face of local popular sentiment.

Lebanese not yet taken official action on Arab collective security pact. Leg has copy of it. We assume this lengthy confidential text is available to Dept and other missions. If desired, we can translate and forward it. Some Lebanese express opinion that strongest factor in progress toward peace is continual decline in US private contributions to Israel.

MINOR

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[1] Repeated to Amman, Baghdad, Cairo, Damascus, Jidda, Paris, London, and Tel Aviv.

No. 416

684A.86/3-1152 Telegram

The Minister in Syria (Cannon) to the Department of State [1]

SECRET DAMASCUS, March 11, 1952—1 p. m.

503. Depcirtel 758, Mar 4. Legation shares Dept's reservation re view that recent signs relaxation Arab Israel tension sign of real progress towards peace settlement. We find no recent easing Arab Israel tension in Syria where primary barrier to moderation is unresponsiveness of public opinion toward reasonable arguments which might impress special interest groups and responsible auths in Syrian Govt and present regime wants settlement of demilitarization zone dispute and is interested in projects which wld strengthen Syria, such as refugee immigration with large money grants, but peace for peace's sake wld find little official support, less tolerance from public whose price for settlement now wld be higher than Israel cld pay. Nor do we forget basis present mil regime is claim that previous civilian administrations were not safeguarding natl. interests. This regime has will and ultimate means to face up to Palestine's questions, but such unpopular policy changes require time for which primary hurdles of MSP, MEC and refugee resettlement seem to have priority.

Shld other Arab states individually or through Arab League modify their positions re Israel, Syria might be carried along to some degree. Reported moderate attitude of Egyptian reps at UNGA Paris is most encouraging sign to date, but we wonder to what extent Syrians believed Egyptian Govt cld take constructive initiative at present time.

We think specific unpublicized projects, such as Jordan water survey, shld be encouraged while concept of mutuality of interests between Arabs and west gains ground through MSP and MEC. Thus atmosphere will gradually be created for broader settlement.

CANNON

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[1] Repeated to London, Paris, Amman, Baghdad, Beirut, Cairo, Jidda, Tel Aviv, Ankara, Moscow, Tripoli, and Jerusalem.

No. 417

262.84A41/3-552: Telegram

The Secretary of State to the Legation in Syria [1]

CONFIDENTIAL WASHINGTON, March 12, 1952—7:02 p. m.

359. Re Damascus tel 493 Mar 3 and Beirut tel 903 Mar 5 we hope this idea can be scotched promptly. Suggest missions take fol line in conversations as occasion arises and in answering notes re utilization indemnification from Ger for Arab refugees:

US as well as UK and Fr has on number occasions made clear to Israel Govt allied position on reparation demands against Ger. This position is based on agreements entered into among allies following termination hostilities, namely Potsdam Protocol and the Paris Reparation Agreement. It is pointed out that Israel was not a party to these agreements. Effect these agreements has been to preclude, pending definitive settlement with Ger in nature of peace treaty, the assertion by US Govt on its own behalf or on behalf of other states of further reparation demands on Ger.

On Sep 27, 1951, however, Chancellor Adenauer of the Ger FedRep introduced in the Bundestag a resolution, which was promptly and unanimously adopted, offering to negotiate a settlement with State of Israel and World Jewry of latter's claims for the indemnification of Jewish victims of Nazi persecution. [2] In reply to an Israel request for US intervention in support of Israel's claims, US informed Israel that US Govt had consistently been of opinion that a settlement of Israel claims against Germany should be effected through direct negotiations between Israel Govt and Ger FedRep. [3]

In urging Israel Govt to discharge its obligations to Arab refugees soon as possible, US has refused to accept Israel Govt assertion that Israel obligations to the Arab refugees should be balanced against property losses of Iraqi Jews who left Iraq for Israel. US has emphasized that in its view these two questions are in no way related. A similar situation obtains with regard to payments of indemnification to Israel by Ger FedRep and Israel's obligation to pay compensation to Palestine refugees, i.e. the two not related.

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[1] Repeated to Beirut, Tel Aviv, London, Paris, and Bonn; sent by pouch to Cairo, Baghdad, Jidda, Amman, Ankara, and Jerusalem.

[2] *Verhandlungen des Deutschen Bundestages*, Bonn, Session 165, p. 6697.

[3] The Israeli request, made in a note of Nov. 30, 1951, not printed (262.84A41/11-3051), was answered by the Department in a note of Jan. 24, 1952 (262.84A41/11-3051), the substantive portion of which is quoted in *Foreign Relations*, 1951, vol. v, p. 949, footnote 6.

In light of foregoing US wld not consider it appropriate to take action desired by Syrian Govt.

FYI negots between FedRep and Israel not yet begun. Suggest you discuss above line with Brit and Fr colleagues before taking up with FonOff.

ACHESON

No. 418

320.2 AA/4-352: Despatch

The Chargé in Jordan (Fritzlan) to the Department of State

SECRET
AMMAN, April 3, 1952.
No. 268

Subject: Arab Refugee Problem–UNRWA Operations

For some time I have been disturbed over the failure of UNRWA to accomplish anything substantial in Jordan in the form of refugee resettlement. The reason for this state of affairs seems to be twofold. There is a significant lack of cooperation and enterprise on the part of the Jordan Government in this field; furthermore it would appear that the terms of reference by which Mr. Blandford is bound, which preclude the undertaking of any development projects which do not lead directly and conclusively to refugee resettlement, serve to fetter the operations of UNRWA in Jordan with the result that month after month large sums of money are spent for direct relief to keep the refugees alive without anything substantial being undertaken to make refugees self-supporting and to take them off the ration lists.

It will be recalled that at the past General Assembly in Paris high hopes were entertained by not only Mr. Blandford, but by the United States, United Kingdom and other delegations primarily responsible for the operations of UNRWA, that the new program would have the active support of the Arab States and could be put into operation with little delay. As far as Jordan is concerned these hopes have not been justified. It is of course fully realized that the absorbtive capacity of this country is very limited and that at least 350,000 of the approximately half million refugees in the country must look to other countries for their ultimate resettlement. For some time our thinking has been concentrated upon Syria as an area which could absorb this manpower. A year ago it seemed that the Syrian Government had accepted in principle the resettlement of a portion of these refugees within Syria. However no action has been taken by the Syrian Government to implement this principle and it is doubted if the Government in power there today will make a firm undertaking in this respect. Nor is the Syrian Government the only one to be blamed for this situation. Undoubtedly a great deal more could be done in Jordan than has been done in the direction of resettlement. However, before this can happen there must be a considerable amount of education work carried out among the refugees to convince them that, despite past United Nations General Assembly decisions and past promises made by Arab leaders, they can never hope to return in large numbers to their previous homes. This the Jordan Government has shown no willingness to do.

The foregoing considerations lead one to believe that, despite certain actions of the Arab League which have appeared to be favorable to the principle of refugee resettlement, it is the basic policy of the Arab States to obstruct resettlement but to give some vague and meaningless encouragement to UNRWA in its efforts in order that the United Nations might continue to assume responsibility for the maintenance of these refugees; the purpose of this policy being simply to keep the Palestine problem alive in the hope of bringing about the downfall of Israel.

The British Minister in Amman, Mr. Furlonge, and I have had sporadic conversations on this subject and I find he shares the concern of this Legation regarding the whole problem. He tells me that during his visit to Damascus over the past weekend he, together with the British Minister there, discussed the problem at great length with Minister Cannon and Mr. Clark. It was apparent that all shared the feeling that time was running out fast and that the Arab States should be solemnly warned in the near future that unless concrete results were obtained from Mr. Blandford's new program, it was most unlikely that at the next session of the General Assembly the United Nations would continue to assume responsibility for the refugees as it had in the past. Mr. Furlonge repeated to me certain proposals he had made in Damascus which doubtless the Legation there will report to the Department. However, at the risk of being repetitious, I summarize them below. It will readily become apparent that there is very little essentially new in Mr. Furlonge's proposals.

It is Mr. Furlonge's idea that after a solemn warning has been issued to the Arab States principally concerned in the matter, we should wait, say, two months in order to satisfy ourselves concerning any change of attitude on the part of the Arab States. Should no change of attitude become apparent, we should then approach them along the following lines:

It should be made clear that the failure of Mr. Blandford's program will almost certainly cause the U.S. Congress as well as other legislative bodies to withhold funds for Arab refugees. Furthermore, we consider that the time has come when we must insist upon the Arab States assuming a greater measure of responsibility, if not full responsibility, for the refugees in their territories. We accordingly consider that at the next General Assembly we will oppose any plans for further contributions to UNRWA for the direct relief of Arab refugees. However, since we are not oblivious to the humanitarian problem involved, we will propose that a fund be established in order to assist those Arab States which have assumed responsibility for the administration of relief to refugees within their borders, and that the money available from this fund will be allotted over certain periods in diminishing quantities based on some reasonable formula. Those States which feel they are unable from their own resources to support these refugees may apply for assistance from this fund. In addition to the foregoing we would say to the Arabs that we would support their applications for economic assistance, leading directly to resettlement, made to the various agencies (Mutual Security Administration, the United Kingdom as regards loans to certain countries, the International Bank, Export-Import Bank, etc.), which are now providing capital for the development of these countries.

While there is much to commend Mr. Furlonge's plan, it will readily be realized that there are certain weak points in it. It seems to me that in making these proposals he is not fully alive to the political aspects of the problem. It would be difficult, though perhaps not entirely out of the question, to force through the General Assembly a resolution which absolved the United Nations from any responsibility for the Palestine refugees and which placed that responsibility entirely upon the Governments concerned. Unfortunately there are numerous resolutions on the books of the General Assembly which provide clearly that those refugees wishing to return to their former homes should be permitted to do so, the rest being adequately compensated. Were we to attempt to force through such a drastic resolution, we would undoubtedly incur the violent hostility of not only the whole Arab and Moslem world, but also a number of Asiatic and possibly South American countries. It is perhaps questionable whether we would wish to go so far on this issue and perhaps alienate these countries on what we may consider larger and more important issues.

My own feeling is that the Arab States would not respond as we might hope to a solemn warning of the nature mentioned above and it seems to me doubtful that, should there be little if any response, we would find ourselves in a position to issue a threat of the type mentioned by Mr. Furlonge. Nevertheless there would seem to be considerable merit in the idea of issuing a warning couched in general terms. Certainly the situation as seen from this Capital has not improved appreciably in the past year and there is little if any sign that it will be improved in the near future. In view of this it seems imperative that the whole problem of the Palestine refugees and the operations of UNRWA be reviewed in the hope that a new and more effective approach might be made.

A. DAVID FRITZLAN

No. 419

262.84A41/4-452: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn [1]

CONFIDENTIAL WASHINGTON, April 4, 1952—6:11 p. m.
PRIORITY

2404. For McCloy to be delivered by 9 am. Re McCloy-Bruce telephone conversation today. Israel Amb addressed urgent personal ltr to Secy Apr 3 [2] stating that ans which Ger Delegation will bring to The Hague upon their return from consultation in Bonn as to amt Ger will pay on Israel claim and time of payment will determine success or failure of conference and requesting US urge Gers make settlement.

Amb called at Dept today in amplification of ltr. Highlights of his remarks were: (1) decision of Israel Govt to enter into negots with Ger occasioned great bitterness and tension in Israel: if negots succeed, Govt will be vindicated, but if they fail situation will be serious; (2) Israel Delegation on Hague conference reports Ger Delegation not aware that US had officially informed Israel (in note from Dept of Jan 24) [3] "US will await with sympathetic interest outcome of negotiations"; (3) chief concern of Israel is that Gers may return with small offer which for polit reasons Israel cld not possibly accept or ask for long recess: in latter connection, Amb stated that if Gers ask for recess corresponding to recess of London Debt Conference, Israel Govt wld regard this as confirmation of its suspicions that Gers are trying to dovetail Hague and London conferences.

Dept replied: (1) no reason believe Gers are not acting in good faith; (2) size of claims obviously makes it difficult for Gers quickly evolve settlement plan; (3) reasonable to expect Gers wld want time to examine claims in light other obligations, and US wld not want to press Gers into commitments which might increase Ger dependence on US aid; (4) US does not want conference to break up; US sincerely desires settlement satisfactory to both parties; (5) Dept hopes Israel can find way to give Gers adequate time fully explore this complicated problem; (6) Dept convinced there is no misapprehension in top circles of Ger Govt re US position.

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[1] Repeated to London, Paris, and the Arab capitals.

[2] Not printed.

[3] The substantive portion of the note of Jan. 24 is quoted in *Foreign Relations*, 1951, vol. v, p. 1308, footnote 6.

Believe it desirable you shld inform Adenauer of serious polit difficulties confronting Israel Govt and that US considers it important that conference not be allowed to fail.

Gers shld recognize unfortunate repercussions which wld ensue if they now appear to have been insincere in their offer to negotiate. US shld not of course attempt tell Gers what shld be magnitude or type of their offer to Israeli and Jewish orgs.

ACHESON

No. 420

683.84A/4-1452: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

CONFIDENTIAL DAMASCUS, April 14, 1952—4 p. m.

585. Department pass Defense. Thanks Major Jaddid's cooperation attitude MAC chairman Col. Taxis obtained Syrian consent in January Israel closing Jordan River sluice gates in order repair Daughter Jacob's Bridge (Legtel 462, February 6). Israeli have made little effort repair bridge, but have taken advantage opportunity work intensively on drainage project when weather permitted.

Now that water level receding Syrians state floodgates must be opened permit continued irrigation valuable crops Bouteiha farm and last week asked Taxis relay request. Israeli refused, stating Syrians had no say on affairs in zone which is "under Israel sovereignty". Syrians aroused by Israel intransigence and there were some mutterings they would take action open floodgates if Taxis unable do so.

In emergency meeting with Israel chairman April 12 we understand Taxis succeeded in obtaining his agreement open gates provided Taxis would seek consent Syrians allow closing gates few hours daily for short period permit completion repairs bridge. While Jaddid and owners Bouteiha farm probably would agree such arrangement, they are convinced Israeli using bridge repairs only as pretext pursue drainage project. Situation thus continues potentially dangerous and military attaché and Legation officer planning early visit zone observe developments.

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[1] Repeated to Tel Aviv, London, and Paris.

Comment: Most unsettling factor continues be Israeli reiteration claim of sovereignty over zone and denial Syrian demands discuss in MAC affairs within zone affecting Arabs including drainage project which also affects property owners in Syria (Legtel 319, December 4 [*3*] [2]). Israel continued non-compliance important provisions May 18, 1951 SC resolution is factor striking root Syrian confidence in UN and west which in other fields has been improving.

Cannon

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[2] For text, see *Foreign Relations*, 1951, vol. v, p. 1309.

No. 421

784A.5 MSP/4-1952

The Secretary of Defense (Lovett) to the Secretary of State

TOP SECRET WASHINGTON, 19 April 1952.

DEAR MR. SECRETARY: Reference is made to Mr. James E. Webb's letter, dated 11 February 1952, regarding the desirability of declaring the Government of Israel eligible for arms assistance on a reimbursable basis under Section 408(e) of the Mutual Defense Assistance Act of 1949, as amended. This letter requested the concurrence of the Department of Defense in a joint recommendation to this effect to the Director for Mutual Security.

The Joint Chiefs of Staff have concluded and I concur that Israel's ability to defend itself and to participate in the defense of the area of which it is a part is important to the security of the United States. Accordingly, from the military point of view, concurrence is hereby given in a joint recommendation by the Departments of State and Defense, to the Director for Mutual Security, that Israel be declared eligible for reimbursable aid under Section 408(e)(1)(C) of the Mutual Defense Assistance Act of 1949, as amended.

It is to be noted that the delivery of end-items to countries such as Israel is becoming increasingly difficult. The requirements of the conflict in Korea; the President's letter of 9 January 1952, which directed increased deliveries of end-items to NATO forces; the recent increased commitments to other high-priority countries (e.g., Indochina); all have had the cumulative effect of greatly reducing the immediate availability of most competitive end-items. Any military equipment furnished Israel should consist of non-competitive items under existing priorities and which do not interfere with current United States or Mutual Defense Assistance Programs.

The Joint Chiefs of Staff point out that, in the negotiations incident to granting reimbursable aid, the governments of the Near East countries should be made to understand clearly that, under existing availabilities and priorities, little or no modern equipment will be readily available and should such be desired the probable future delivery time from points in the United States would be from 18 to 24 months.

Sincerely yours,

ROBERT A. LOVETT

No. 422

357.AC/4-1952: Telegram

The Secretary of State to the United States Representative on the Palestine Conciliation Commission (Palmer), at New York

CONFIDENTIAL WASHINGTON, April 19, 1952—1:40 p. m.

394. For Amb Palmer. Re PCC. While we believe you fully understand and are in accord with Dept's views re mtg Mon Apr 21, we believe fol wld be helpful guidance for you:

1. Future activity PCC: GA Res at last GA [1] indicates that primary responsibility for settling Pal problem rests with parties, and in view this and past unhappy record PCC shld engage in minimum formal activity for present year. It shld remain on stand-by basis. Such activities as are undertaken might best be directed toward settlement of question of blocked accts and possibly some further efforts toward estimating compensation and ascertaining means for payment compensation.

2. Blocked accts: PCC has thoroughly explored this problem in the past. Efforts this year shld be directed toward formulating joint diplomatic action which might be undertaken by members vis-à-vis Israel in effort persuade that Govt unfreeze accts as significant step contributing to better relations with Arab states.

3. Compensation: Such activity as PCC might undertake shld be directed toward elaboration of report prepared by refugee office last year. The rate of progress on any PCC considerations on compensation must be determined by (a) Arab refugees' indicating willingness to accept compensation or reparation, but not both, and (b) how and when Israel will be able to pay compensation. Administrative actions suggested by Berncastle paper shld be opposed at least for time being. We believe that distribution of questionnaires to Arab refugees wld have most unhappy political consequences par-

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[1] U.N General Assembly Resolution 512 (V), Document 391.

ticularly in face unlikelihood any early payment of compensation. If other Dels advance, re possible sources and means of Israel paying compensation, ideas associating settlement of Arab compensation claims with Israel-Ger reparation talks you shld indicate we are opposed, since we believe two negots are and shld remain separated. In any event they cannot properly be associated by UN. Can only be done by parties directly concerned.

4. PCC Rep in Jerusalem: We believe we are under no firm commitment to agree to appointment of PCC Rep for Jerusalem. We believe, however, that you may indicate that, in our opinion, important point is that, if appointed and sent to Jerusalem, Rep shld be in Jerusalem only under specific assignment and terms of ref and shld be there only so long as his terms of ref require he be in area. While we appreciate you have all arguments at your disposal on this point against appointment of a full time Rep, it shld be pointed out that if any negots of a detailed or intricate nature were to be suggested by the parties PCC cld determine at that time wisdom and necessity of its returning to Jerusalem. We believe if pressure is strong for Rep being in Jerusalem to manifest UN interest in area and maintain UN hold over Govt House, you shld indicate belief that logical and simpler alternative solution to problem is to urge Gen Riley to move to Govt House. If this suggestion does not meet with approval and you are placed under pressure by UN SYG, Fr and Turk colleagues to agree to appointment full-time Jerusalem Rep, you shld request opportunity further consultation with Dept.

5. We agree desirability some cognizance be taken of past valuable services of Azcarate.

ACHESON

No. 423

262.84A41/4-2252

Memorandum by the Secretary of State to the President [1]

SECRET WASHINGTON, April 22, 1952.

Subject: Israeli Claims Against Germany

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[1] This memorandum was sent in response to a memorandum of Apr. 11 by President Truman to Secretary Acheson which reads as follows:

"One of my good friends, Jacob Blaustein, who was on a Committee which has to do with claims for Israel from Germany, asked me if I wouldn't issue a statement on the subject asking for expedition in handling these claims. I'll appreciate it if you will look into it and see if a statement would be in order.

"Mr. Blaustein told me that Chancellor Adenauer is anxious to cooperate but needs a little push." (262.84A41/4-1152)

The Committee referred to was the Conference on Jewish Material Claims Against Germany. On Apr. 15, the President sent the Secretary a copy of a letter of Apr. 11 he had received from Blaustein on the same subject. (262.84A41/4-1552)

With respect to the request of Mr. Jacob Blaustein that you issue a statement requesting expeditious handling of the Jewish material claims against Germany, I would suggest that a statement from you at this time would be inappropriate. I have every reason to believe that Chancellor Adenauer is conscientious in his efforts to reach a satisfactory settlement with the State of Israel and the non-Israeli Jewish claimants in the matter of affording compensation to the Jewish victims of Nazi persecution.

The German Government is fully aware that the United States considers the German people to have incurred an inescapable moral obligation to make material amends to the victims of Nazi persecution, and that this obligation, unless discharged, will stand as a major obstacle to the acceptance of the German nation by the free peoples of the world. The German Government has also been informed that the conclusion of a satisfactory agreement in the present negotiations would be a source of gratification to the United States. Mr. McCloy has reaffirmed these views personally to Chancellor Adenauer on recent occasions. The Department has likewise communicated these views to the Ambassador of Israel and to the representatives of the non-Israeli Jewish claimants.

The negotiations at the Hague have now reached a critical stage. The Federal Government has postulated that the settlement with Israel and the non-Israeli Jewish claimants must be brought within the limits of German capacity to meet its external obligations, and therefore must be related to other responsibilities assumed by the Federal Government, particularly those being considered by the International Conference on German Debts which has been meeting in London with Ambassador Warren Lee Pierson as the United States representative. The Debt Conference is now in recess and is scheduled to reconvene May 19th. The Germans have invited the Israeli negotiators to meet again at the Hague, a month later, on June 19th.

The Israeli negotiators, and the representatives of Jewish organizations associated with Israel at the Hague, are concerned with the political situation in Israel, which makes it urgent that the Hague talks rapidly reach a successful conclusion. They are also concerned that the Germans are attempting to maneuver the pre-war creditors into the position of opposing a satisfactory settlement of the Jewish claim. They feel that the deferral of the Hague talks may be a tactical move in this direction.

The Department supports the desire of the negotiators on the Israeli side to keep the Hague talks disentangled from the London discussions on the German pre-war commercial debt. On the other hand, the United States is not a party to the Hague discussions and it would not appear appropriate for the United States to intervene in the current negotiations. There is a danger that a public statement on our part might raise hopes on the part of the Federal Government and the Israeli Government that the United States would be willing indirectly to finance the settlement of the German obligations.

I, therefore, recommend that you do not make a public statement at this time. Instead, I believe that we should privately express to the Federal Government our hopes that the negotiations will reach a successful conclusion, and our recommendation that the talks at the Hague reconvene at the earliest practicable date, preferably at the same time as the London meeting, rather than a month later. I propose to send a message to Mr. McCloy asking him to take such action. I suggest that Mr. Blaustein be advised of this action as being the proper course to be followed at the present time.

DEAN ACHESON

No. 424

262.84A41/4-2252: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn

SECRET WASHINGTON, April 22, 1952—1:27 p. m.

2671. For McCloy. Reps of Jewish organizations which have been associated with Israel at Hague in negots with FedGov have asked Pres to issue a public statement calling upon FedGov to expedite successful conclusion Hague talks. We have felt it wld not be appropriate for US to intervene publicly in negots at this time. On other hand, we have advised Reps referred to that we wld ask you to reaffirm to Chancellor sympathetic concern which US feels for objectives of Hague talks and our strong hopes talks will lead to successful conclusion. We recognize that FedGov properly must relate any offer it can make to Israel Govt to other responsibilities which it has and to its overall capacity to discharge its obligations. On other hand, it wld appear to us that negots at Hague shld carry forward rapidly as possible. We understand Ger negotiators have proposed that Hague talk be deferred until month after Lon Debt Conference reconvenes. Although not fully familiar with status of Hague talks we wld be gratified if FedGov finds it possible reconvene Hague talks at early date, if practicable at approximately same time as Lon talks, so as to avoid giving public impression Lon mtg in any way holds precedence over Hague talks. We sug you propose this suggestion in tentative form on our part since we are not of course in position to know what preparations FedGov needs make in order carry discussions forward profitably after they have opened.

FYI we recognize that Ger Govt is in predicament in finding resources adequately to satis its obligations at Hague and at Lon. We are anxious, however, that this dilemma be resolved by Gers, at least in first instance. We wish to avoid pre-war commercial creditors and in particular US Del at Lon being maneuvered in position by Ger Gov which might lead to charges that the Lon Conference is interfering with solution which is satis to Gers and Israel side of negots.

ACHESON

No. 425

320.2 AA/4-2252: Telegram

The Secretary of State to the Legation in Lebanon [1]

CONFIDENTIAL WASHINGTON, April 22, 1952—4:12 p. m.

1081. Dept considers development Jordan River Valley highly desirable at earliest possible date. Development wld permit resettlement substantial numbers Pal refugees in Jordan and wld strengthen econ structures riparian states with benefits to polit stability entire area. MacDonald report to Jordan Govt, and Hays-Savage and subsequent reports to Pal and Israel Govts indicate technical feasibility of large-scale development if polit problems can be solved and active coop affected states can be obtained.

To permit determination of measures necessary to achieve this objective, Dept believes essential preliminary step is interpretation detailed engineering and legal studies of Jordan water system by impartial technicians in light present facts. These studies shld include: (1) comparison and analysis of development proposals already made, (2) tabulation of existing concessions in area affecting water usage, (3) discussion of water rights riparian states, and (4) recommendations for resolving conflicting interests in light technical possibilities. Recommendations might go so far as to include suggestions looking toward creation intl body representing riparian states and charged with responsibility of seeking necessary concurrences to program and settlement of problems that arise from its execution.

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[1] Identified also as telegram Unrap 249. Repeated to Jidda, Tel Aviv, Cairo, Baghdad, Damascus, and Amman.

In view importance Jordan Valley development to refugee resettlement and potential of UNRWA development funds, Dept believes UNRWA is agency to take initiative in obtaining necessary technical and legal info. US member ADCOM is accordingly requested urge UNRWA consider appt special rep with broad factfinding responsibilities re Jordan Valley. Rep wld contract with individuals and firms to prepare necessary studies based on available data and wld assemble final report.

Ur comments and early indication reaction other members ADCOM wld be appreciated. It is fully appreciated here that this is an initial prerequisite to subsequent action, and that there will inevitably be delays in reaching polit agreement. However, impartial factfinding may well expedite polit settlement.

ACHESON

No. 426

974.5301/4-2452: Telegram

The Deputy United States Representative at the United Nations (Gross) to the Department of State

CONFIDENTIAL NEW YORK, April 24, 1952—11:31 a. m.

736. Re Suez: Present at mtg yesterday requested by Eban were Eban, Lourie and Rafael for Israel; Jebb and Laskey for UK; Hoppenot and Ordonneau for France and myself, Ross and Maffitt for USUN.

Eban opened discussion saying Israeli Govt was weighing advisability of calling SC attention to Egyptian failure to implement its Sept 1 SC res but wished Eban first to discuss question with cosponsors, more particularly the 3 most concerned with NE stability and Suez question. Eban stressed he did not consider such discussion premature in view of lack of result of res, length of time situation unfavorable to Israel has existed (3 years) and assurances from Austin and Shone (UK) in past that US and UK formally supported doctrine of maritime freedom. He pointed out no goods for Israel have passed Canal since res, situation in this respect ironically being worse than before res. This state of affairs primarily was due to silence of Egyptians on repeal of restrictive legislation, executive orders, etc, or Egyptian indication that free passage rights will be granted Israeli goods. Shipping companies reluctant accept Israeli orders under these circumstances.

This was first time any SC res "totally without effect". As time passed without show-down danger grew of Israel appearing to sanc-

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tion Egyptian obstruction. Israel had refrained from attempting to cause show-down since it felt solution of Anglo-Eyptian problem would bring with it solution of Suez problem. However, these 2 matters were not necessarily linked and recalling that September 1 resolution was not conditioned on settlement of Anglo-Egyptian question, Eban examined possible courses of action open to Israel if Anglo-Egyptian deadlock remains:

(1) Leave matters as they are;
(2) Without seeking statement of position from Egypt, test out its present Suez policy by putting cargoes on foreign vessels for passage through Canal or sending Israeli ships through Canal;
(3) Make similar test by seeking Egyptian public statement, action in law, or even private intimation through diplomatic channels assuring free passage rights to Israel.

Of these alternatives, Eban felt first out of question for fear of appearing to sanction Egyptian obstruction and because of cost of burden to Israeli economy of costly makeshifts to obtain necessities such as fuel occasioned by Canal being closed to Israel.

Of 2 remaining possibilities, third seemed preferable to Eban as avoiding danger of incident.

Coming to his main point, Eban then inquired whether US, UK and France could make representations to Egypt with view to Cairo's giving assurances of free passage. These did not need to be public.

I said that while our advocacy of free passage is and has been firm, we wld have to seek US Govt's reaction to Eban's statement and inquiry and discuss further thereafter.

Jebb recognized lack of compliance by Egypt but pointed out that at time of res it was generally felt that SC wld support no stronger action than September 1 res; furthermore, Egypt is physically in control of Canal. If question of further SC debate should arise at this time, he was sure UK would see no useful purpose in such debate but since Eban's proposal was not to this effect he would consult London and be glad to discuss matter further when he had instructions. He emphasized that present moment is critical in Anglo-Egyptian negotiations and voiced doubt that UK would act on Suez matter until outcome of negotiations is known. He had no idea what London wld do if negotiations failed. In reply to Eban's query whether successful outcome of negotiations would, as matter of course, include solution of Suez restriction problem, Jebb said he would inquire of London.

Hoppenot felt sure SC debate on Suez at this stage wld be fruitless and wld only crystallize Egyptian intransigence; thought that main factor in Suez solution was Anglo-Egyptian negotiations; but supposed that if *démarche* were decided upon by British and US, France wld associate itself therewith. He suggested that possibly for reasons of face and in order to avoid prejudice to NE defense, Egypt might prefer simply to "overlook" passage of Israeli goods through Canal.

Eban commented that this possibility could be better assessed after Egyptian reply to suggested representations. Jebb thought such course would be easier for Egyptians if they felt sure Israel wld give no publicity to opening up Canal to its goods and ships.

Re this observation and time question I had brought up, Eban thought suggested representations should include mention that Israel intends to utilize its maritime rights to the full. This led me to observe that alternatives 2 and 3 were tactical steps leading to some further objective. I inquired what that objective was, if Egypt refused. Eban replied that if there is case of obstruction in course of test Israel would certainly bring matter to SC. Timing of such action would necessarily be influenced by Israel's fear that delay might be interpreted as sanction of obstruction, as well as by economic burden on Israel.

In reply to query from Ross whether Israel might obtain some clarification of its questions from Egyptians themselves, Eban said this matter cld not be dealt with by personnel of Israeli-Egypt MAC, only official mtg place of Israel and Egypt, nor through their informal contacts with non-governmental Egyptians.

Speaking for US, France and UK, I said it was clear we were agreed that we shld seek instructions from our govts and renew discussion with Eban after receipt thereof. I undertook to keep in touch with respective dels and arrange such mtg, when circumstances warrant.

GROSS

No. 427

683.84A/4-2752: Telegram

The Chargé in Israel (Keeler) to the Department of State

SECRET TEL AVIV, April 27, 1952—noon.

1115. For Department only. UNTSO Chief of Staff advises dispute between Syria and Israel over Huleh question may assume serious character again unless early solution can be found for problem pertaining to Bouteiha farm mentioned Damascus Legtel 608, April 22.[1] States Syrian reps MAC claim closing of Huleh dam throughout daylight hours threatens extensive damage not only to crops but also to irrigation canals themselves (if empty many hours in sun, canals dry out and develop cracks). Hence, they believe opening of dam for part of daylight period necessary to obviate serious damage. Apparently believe plan wld permit continuation of some work on river bed. Source says Syrians desire enter direct conversations with Israelis to work out mutually satisfactory solution. Understand Syrians wld not renew their objections to continuation work on Huleh project if damage to Bouteiha farm obviated.

Chief of Staff states Israeli MAC reps have refused discuss MAC questions pertaining to Jordan water or other matters relating to demilitarized zone apparently for fear prejudicing Israel's claim to sovereignty. Adds, however, Israeli reps have agreed to meet with Syrians informally and hopes this may make it possible to arrive at some practical arrangement that will forestall a deterioration of sitn such as occurred last year. He recd impression however from contacts with Israel officials that latter are determined to go ahead with Huleh project even if Syria again attempts to block work.

KEELER

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[1] Telegram 608 from Damascus, Apr. 22, reported on the visit by the Military Attaché and Legation officers to the demilitarized zone on Apr. 19 in the company of Lieutenant Colonel Jaddid. It was noted that the gates of the Israeli dam south of Lake Huleh remained open, permitting the full flow of the Jordan River and irrigation of the Bouteiha farm. Jaddid hoped the dam would now remain open pursuant to the agreement of the Israeli representative on the Mixed Armistice Commission, as the flow of the Jordan was needed to irrigate crops at Bouteiha. (683.84A/4-2252)

No. 428

684A.86/5-552: Telegram

The Minister in Syria (Cannon) to the Department of State [1]

SECRET DAMASCUS, May 5, 1952—noon.

649. Dept pass Defense. Fol two recent steps appear to be part Israel campaign consolidate absolute control over Syro-Israel demil zone west bank of Jordan and take step toward same objective in zone east of Jordan:

1. Arabs of Shamalneh District which was scene of last years heavy fighting have been told by Israeli they may not reside here but only work in zone in daytime. Six local Arab police threatened

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[1] Repeated to Tel Aviv, London, Paris, Amman, Ankara, Baghdad, Beirut, Cairo, Jidda, Jerusalem, Moscow, Rome (for Unger), and Tripoli.

with shooting if they do not get out (to Syria). Arab women gathering firewood north of Shamalneh were fired upon May 2.

2. Arab farmers working on 300 dunums of PLDC owned land east of dam above Daughters of Jacob Bridge have been ordered desist, notwithstanding fact they have farmed this land for many years. Israel has threatened eject them forcibly and fired on unarmed farmers May 2.

No casualties reported.

These developments came shortly after Syrians had asked MAC Chairman inform Israel Govt their desire establish new demarcation line they have been considering (Legtel 319 Dec 3 [2] and Legdesp 317 Dec 5 [3]) and were awaiting Israel reply.

Syrians did not return fire but are increasingly retrive [*restive*?]. They have great respect for MAC Chairman Taxis and we believe he can continue control situation if given proper dipl support. We are counselling Syrians place full confidence in him and refrain from resort to arms regardless of provocation.

We recommend Dept consider urging Israel reps both in Washington and Tel Aviv give full coop to MAC Chairman and move towards settlement zone question by refraining from any use force and giving sympathetic consideration Syrian proposals for new demarcation line. Only if Syria and Israel can be brought to attend MAC mtgs on zone question in spirit of compromise does peaceful settlement appear likely.

CANNON

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[2] For text, see *Foreign Relations*, 1951, vol. v, p. 1309.

[3] Not printed.

No. 429

683.84A/5-552: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, May 5, 1952—4 p. m.

1149. In recent conversation with FonMin Sharett I inquired whether FonOff had any late info re developments in Huleh situation, adding it was my understanding Syrians were concerned over damage resulting from dam closure and were desirous enter into direct conversations with Israelis to work out mutually satis solution. Stated it was understanding my informant that Syrians would not be inclined renew their objections to continuation of work on project provided satis practical arrangement could be made to obviate damage to irrigation canals and crops on land in Syria dependent on Jordan water.

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[1] Repeated to Jerusalem for the information of General Riley.

FonMin said he was uninformed on particular subject, but if above understanding correct, it represented new info to him of great importance. He said in fact it would be "too good to be true". I reminded him of our efforts to encourage direct negots wherever possible and expressed hope Israel Govt would not object on basis any technicality to take advantage of this and any other opportunities direct negots.

Dept see Embtel 1115, April 27.

DAVIS

No. 430

683.84A/5–752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, May 7, 1952—7 p. m.

1164. Knowing FonMin's personal desire to avoid deterioration Huleh controversy and in view his obvious interest in possibility direct negots with Syrian reps re damage to canals and crops resulting from work on project (Embtel 1149, May 5), I told him today Emb has report that certain acts of a provocative nature have been committed by Israelis in Huleh region recently, similar to those which led to armed hostilities last year. Without citing source I outlined substance allegations set forth Damascus Legtel 649, May 5 to Dept. It was obvious Sharett was extremely interested and stated matter wld receive immed attention. He told me he had suggested apropos question of damage to canals and crops, that Israel reps agree meet Syrian reps for frank discussion of question with view to finding mutually satis arrangement which wld obviate damage and yet permit continuation work on project.

DAVIS

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[1] Repeated for information to London, Paris, Ankara, Moscow, Rome, Tripoli, Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, and Jerusalem (for Riley).

No. 431

320.2 AA/5-852: Circular airgram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET WASHINGTON, May 8, 1952—4:45 p. m.

With reference to despatch No. 268 from Amman of April 3, 1952, the Department fully shares the Legation's concern at the slowness of the pace with which it has been possible to move forward with refugee resettlement, and it greatly appreciates the Legation's constructive thinking on this question. In view of the fact that refugee resettlement is necessarily a long-term problem, however, the Department does not feel that it would be justified in minimizing the progress which has been made to date, and it accordingly shares the Legation's doubts concerning the desirability of Mr. Furlonge's proposal as a means to force a greater acceptance of responsibility for the refugees by the individual Arab states.

In 1949, as the Legation knows, no less than 1,019,000 people were receiving rations from United Nations sources. When UNRWA took over from UNPR on May 1, 1950, 957,000 people were on relief, and this figure has since been cut to roughly 850,000. In view of the great difficulties involved, this reduction constitutes a genuine accomplishment. Perhaps even more important to the eventual solution of the problem has been UNRWA's activity in negotiating with the host governments for public works projects on which the refugees might be employed. These negotiations, although beset by annoying delays, the obstinacy of many local officials and the non-cooperation of a large part of the population, have helped to bring about changes in the climate of Arab opinion which are essential to a realistic approach to the refugee problem.

As recently as two years ago, the leaders of the Arab states were virtually unanimous in declaring that no solution to the refugee problem would be acceptable other than the return of the entire refugee population to its former homes. Through UNRWA's continuing negotiations on immediate, down-to-earth problems which have focused attention on the realities at hand, and through patient diplomatic efforts over a period of time by our missions and the missions of friendly governments, most responsible Arab leaders have now come to realize that, as a practical matter, arrangements must be made for the resettlement of substantial numbers of the refugees in the Arab countries. The recognition has slowly but clearly been growing that it is to the advantage of the progressive elements within each Arab country to participate in a solution of the problem, and that Israel is suffering far less than the Arab extremists are benefiting as a result of the present unhappy state of affairs.

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[1] Sent to Amman; repeated to Paris, Ankara, London, Tel Aviv, Baghdad, Cairo, Jidda, Beirut (for the Legation and for Locke), Damascus, and Tripoli.

A dramatic instance of the development of a greater sense of responsibility is afforded by the current Blandford-Selo negotiations which look to the eventual integration of 500,000 additional refugees in Syria. Although the Syrian Government wishes to maintain secrecy in reaching an understanding and has asked that any program adopted be placed under way without publicity, it has indicated a willingness to discuss an agreement which, if concluded, would eventually lead to the solution of one of the most difficult aspects of the refugee problem: the large numbers of refugees who cannot, because of economic limitations, be settled in the countries where they are now being cared for. Even if the current negotiations should not prove to be immediately successful, the Department sees evidence in the Syrian attitude of an additional and important improvement in the political climate which brings the solution of the problem one step nearer.

In view of these considerations, the Department is prepared at present to support only such modifications in UNRWA's method of operation and approach to the refugee problem as may be suggested by changes in the situation resulting from the progress of UNRWA's own negotiations. The Department hopes that the Legation will continue to report its thinking in light of developments as they occur and will maintain its free interchange of ideas with the British Legation.

ACHESON

No. 432

683.84A/5-1352: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, May 13, 1952—6 p. m.

1191. UNTSO Chief of Staff advises that fol has been reported to UN under date of May 12. He requests that Dept and Emb Damascus regard it as background and that content not be discussed with Syrian reps. Content of message as fols:

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[1] Repeated to Damascus and Jerusalem (for Riley).

"On subject of adjustment of demarcation line, the senior Syrian del to the MAC asked the senior Israel del to state the position of the former's govt on this subject. The latter replied in the presence of the MAC Chairman that the GOI was prepared to undertake secret discussions at high level on Syria-Israel relations, adding that in such discussions both parties submit any proposal and raise any question they wished. The senior Syrian del inquired whether the Israelis were proposing to discuss peace. Israel del replied in the negative. Syrian del said he wld submit Israel's proposal to his govt forthwith but expressed as his personal opinion the belief his govt wld not undertake discussions this nature without UN reps being present. MAC Chairman expects to see Syrian Chief of Staff May 14 or 15 and believes high-level Israel-Syria talks may serve to reduce tension. Hence will make every effort obtain affirmative answer from Syria."

DAVIS

No. 433

683.84A/5-1452: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET TEL AVIV, May 14, 1952—11 a. m.

1192. Re Embtel 1164, May 7 and previous concerning Huleh controversy. Chief of Staff UNTSO advises fol report was sent to UN on result informal mtg ISMAC Monday May 12 at which reps of Palestine Land Development Corp and Buteiha Farm were present. Text of msg fols:

"Summary of informal mtg ISMAC 12 May 1952.

a. Palestine Land Development Corp and Buteiha Farm were represented at mtg. Senior Israel delegate insisted upon discussion of use of checking gates without limiting such use to repair of bridge. Senior Syrian delegate stated Syria was prepared to discuss use of gates only with ref to repair of bridge. Chairman pointed out to both parties that their viewpoints had been made clear but that the fundamental problem was whether or not the gates wld be operated without damage to lands to the south. Chairman's questioning of Mr. Nachmani (Pal Land Development Corp) brought forth Pal Land Development Corp statement that in order to facilitate Pal Land Development Corp work it wld be necessary to close all gates, and that the partial closing of the gates wld be of little or no use. Buteiha Farm owners stated that at this time any closure of the gates wld have a serious effect upon the farm. Pal Land Development Corp asked that a survey on the ground of the actual needs of the farm be made. Senior Syrian delegate wld not accept a

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[1] Repeated to London, Paris, Ankara, Beirut, Damascus, and Jerusalem (for Riley).

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mixed Israeli-Syrian survey of this nature but stated that a neutral agriculturist wld be acceptable for such survey. Senior Syrian delegate stated that mtg was not the intention of Syria to unnecessarily hinder the operation of the checking gates, and that before there cld be a special answer to the problem the senior Syrian delegate wld need additional time to discuss the matter with the farmowners and that in view of the risk to them, which wld occur with any closing of the gates, some plan of compensation wld have to be worked out. Senior Israel delegate stated that Israel was not prepared to discuss compensation at this time but might be willing to discuss the submission of some future claim for any damage which might occur. Discussion on this subject was closed for this date with both parties agreeing to the Chairman's suggestion that the senior Israel delegate take up the matter of compensation with his govt, that the senior Syrian delegate discuss the problem further with the farmowners, and that further discussion on the subject be opened in the immed future.

b. The problem of a complete exchange of all livestock and other materials (including Eingev boat) was discussed. Senior Syrian delegate stated that his govt had informed him that the boat was not and had never been in Syria but that he wld make attempt to locate the boat. Senior Israel delegate stated that unless the boat cld be returned no broad exchange wld be effected.

c. Chairman requested that senior Israel delegate arrange immed release of Arab arrested by Israeli police on Khoury Farm on 10 May. Chairman informed senior Israel delegate that if Arab had entered from Syria without authority (this contingent upon investigation by Chairman) Chairman wld return Arab to Syria, but that under no circumstances wld Chairman agree to trial of subject Arab in Israeli courts. Chairman informed senior Israel delegate that action of Israeli police in Khoury Farms indicated a failure on the part of Israeli at operating level to implement Israeli agreements made at higher level. Senior Israel delegate informed Chairman that he had not known that arrest was made in Khoury Farm, and that he completely agreed that high level assurances shld be carried out at operating level. Senior Israel delegate stated that he wld immed investigate this matter and report to Chairman.

d. Adjustment of demarcation line was discussed. Pls see secret mail brief chairman ISMAC to Chief of Staff dated 12 May 1952 concerning this subject.

e. Next informal mtg ISMAC scheduled for 20 May".

DAVIS

No. 434

684A.86231/5-1552: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

CONFIDENTIAL PRIORITY WASHINGTON, May 15, 1952—6:08 p. m.

949. Eban advises Israeli Govt prepared release blocked accts Arab refugees and ready negot mechanics release with UN, pursuant request made by Amb Palmer on behalf PCC May 5. He stated amt involved equivalent approx $14 million and Israel Govt prepared pay into some UN acct $2.8 million with balance as needed. Amb said his govt hopes US will use its good offices obtain release block Jewish bank accts in Iraq but Israel release not conditioned on such action.

If approached re above, statement shld be made this is voluntary Israel Govt action, fol recent conversations between PCC and Israel Govt.

ACHESON

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[1] Sent to Tel Aviv, Jerusalem, Amman, Beirut, Damascus, Paris, Ankara, Baghdad, Cairo, Jidda, New York, London, and Tripoli.

No. 435

683.84A/5-1552: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, May 15, 1952—4 p. m.

1196. Re Embtel 1164, May 7. FonOff made arrangements for me to visit Chuleh regions last Sunday May 11 to see development project and visit other points of interest in neighborhood. Shmiel Bendor, director US division FonOff and Major Arie Friedlander, senior Israel delegate Ismac were present. Latter knew of my conversations with FonMin and apparently had been instructed to discuss project and related matters freely.

Apropos of Syrian desire to prevent damage to canals and crops at Bouteiha farm as result closing checking gates, Friedlander expressed view that Israel Govt wld be willing adopt schedule that wld obviate such damage but said he was "not optimistic" that this wld satisfy Syrians. He mentioned possibility of gate closure 5 hours each afternoon which wld permit work on project to continue at retarded rate but wld effectively prevent drying out of canals. He explained that it takes 3 1/2 hours for closing of gates to affect flow of water into canals and a considerably longer period for them to run dry. Hence closure of gates in early afternoon wld not affect water supply at Bouteiha farm late afternoon and canals wld not be exposed in daylight hours. His doubt that such arrangement wld be satis to Syria was based on recent assertion of owner of farm that water is needed for irrigation full 24 hours each day and any stoppage whatsoever wld result in damage. Friedlander said this extreme position does not seem reasonable and gives rise to suspicion owner may be encouraged to take extreme position as means obstructing development project. He said he hopes the Syrians are sincere in their alleged desire arrive at practical agreement to prevent damage as he feels confident such arrangement cld readily be made to mutual advantage both parties.

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[1] Repeated to London, Paris, Ankara, Moscow, Rome, Tripoli, Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, and Jerusalem (for Riley).

He explained chief obstacle at present to completion deepening of channel to point necessary in order drain Huleh Lake and swamp is rocky ledge just north of Daughters of Jacob Bridge.

In order remove rock in channel, it is necessary stop flow of Jordan long enough to bore holes in river bed and place dynamite charges for blasting. He estimates aprox 120 hours working time will be required to accomplish this purpose, which at the rate of 5 hours per day wld take 24 working days. Once this ledge is removed it is understood the remainder of deepening process wld be comparatively simple.

As to cultivation of land southeast Huleh Lake mentioned Damascus tel 649, May 5, he indicated Israel Govt disposed to recognize right of certain Arabs cultivate this land under original provisions of project concessions, but at same time they believe Syrian Govt shld honor another provision permitting Palestine Land Development Corp to utilize certain lands upon payment compensation. He had ref of course to 28 dunams land whose owners are prevented allegedly through intimidation from agreeing accept compensation for use of land in project. Friedlander remarked that some of owners of the 28 dunams in question are among those entitled to farm land east of Jordan and he hopes therefore some mutually satis settlement both problems can be worked out. It was quite obvious he had no idea Israel's attitude this question was regarded as provocative by Syrian Govt. Emb comment fols in separate msg.

DAVIS

No. 436

784A.5 MSP/5-1952

The Director for Mutual Security (Harriman) to the Secretary of State

TOP SECRET WASHINGTON, May 19, 1952.

DEAR MR. SECRETARY: I refer to a letter of May 8, 1952, signed by Ambassador Cowen,[1] with attachment, in which the Department of State forwarded a joint recommendation by the Departments of State and Defense that Israel be determined eligible for reimbursable military assistance under Section 408(e) of the Mutual Defense Assistance Act of 1949, as amended.

This recommendation is based on a joint conclusion by the Departments concerned that Israel's ability to defend itself and to participate in the defense of the area of which it is a part, is important to the security of the United States. This conclusion, with which I concur, meets the statutory requirements for eligibility for reimbursable military assistance. Accordingly, I hereby find and determine, under the authority delegated to me by Executive Order No. 10300, dated November 1, 1951, that Israel is eligible to receive reimbursable military assistance under Section 408 (e) of the Mutual Defense Assistance Act of 1949, as amended.

I assume that the Department of State will obtain the necessary assurances from the Government of Israel, as provided for in Section 408 (e), and will consult with the Office of the Director for Mutual Security in the process of formulating any documents which are to be used for this purpose. I further request that this Office be advised sufficiently in advance of the actual shipment of any equipment to Israel so that appropriate letters can go forward to interested Congressional Committees.

I am sending an identical letter to the Secretary of Defense.

Sincerely yours,

W. A. HARRIMAN

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[1] Not printed.

BEST COPY AVAILABLE

No. 437

683.84A/5-2052: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, May 20, 1952—7 p. m.

1221. Comment on Embtels 1196 May 15, 1192 May 14, 1191 May 13. Despite obvious maneuvering for position on part delegates to ISMAC, Emb believes discussions reveal some progress. Two lines of approach discernible May 12 mtg ISMAC. On one hand, both parties sparring cautiously with eye to maintaining strong legal position, as in case of attitude toward right to use checking gates with or without regard to repair of bridge. On other hand, both sides showing disposition consider concrete problem of effect of closing gates on Bouteiha farmland. Hope lies in discouraging abstract controversy of first kind, which leads inevitably into fruitless legalisms concerning sovereignty demil zone and meaning gen armistice agreement, and in focusing attn on practical means of minimizing and, if necessary, compensating for damage to Arab lands.

Despite numerous obstacles to satis settlement Huleh controversy, outlook considered more favorable than last year. On negative side is (1) continuation Israel determination impose its auth in most demil zone, (2) insistence by Bouteiha farm owners that any closure of gates wld have adverse effect on farmland, and (3) refusal senior Syrian delegate accept Israel representation in group to determine if claim Bouteiha farm owners valid. Re latter, Chief of Staff UNTSO inquired informally whether TCA mission Israel might be able supply neutral agric experts to pass on point and director of mission advises qualified member of mission expected arrive shortly and cld be made available temporarily for above purpose. At same time Amer engineer familiar with project informs me in confidence that estimate by senior Israel delegate of 120 working hours required to deepen Jordan through rocky ledge is much too low.

On positive side, however, is (1) comparative frank manner in which both sides have discussed points at issue and disposition evidenced by them to attempt reach agreement by negotiation, (2) assertion senior Syrian delegate that it is not intention Syria to hinder unnecessarily operation of checking gates and implication that his chief interest is to prevent damage and work out plan of compensation for such damage as might occur, and (3) apparent desire Israelis avoid any renewal hostilities and willingness adopt plan of work which will obviate or minimize damage to agric lands in Syria. If both sides can be induced concentrate first on settlement latter problem without ref to fundamental legal differences between them, some progress may be possible.

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[1] Repeated to London, Paris, Ankara, Beirut, Damascus, and Jerusalem (for Riley).

Declared readiness GOI undertake secret discussion at high level on Syria–Israel relations, by implication including possible adjustment demarcation line, may have resulted from direct intervention by FonMin (Embtel 1164, May 7). It is hoped that full advantage will be taken of opportunity negot on above point, which it will be recalled Israel FonMin was unwilling discuss last year apart from discussion covering all outstanding questions (Embtel 2 July 3, 1951).[2]

DAVIS

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[2] For text, see *Foreign Relations*, 1951, vol. v, p. 1100.

No. 438

974.5301/4-2452: Telegram

The Secretary of State to the United States Mission at the United Nations[1]

CONFIDENTIAL WASHINGTON, May 22, 1952—5:58 p. m.

443. Re Suez. Urtel 736, Apr 24.

1. We believe element which shld govern any actions at this stage re Suez blockade is course of Anglo-Egyptian negots. Accordingly, we do not believe Suez restriction problem shld be raised while Anglo-Egyptian conversations continue and there is some hope for settlement. We understand UK Del has been instructed by London this sense.

2. In view of above it is clear that of the alternatives suggested by Eban only the first can be considered at this time, namely that we leave matters as they are. We have repeatedly emphasized to Eban and other Israelis that we have Suez restriction problem much in mind and that we share Israel's desire to have restrictions removed. We have no intention of ignoring or forgetting Sept 1, 1951 SC Res. However we believe raising matter at this time undoubtedly wld have a most prejudicial effect on Anglo-Egyptian talks.

3. Shld occasion require that you discuss second and third alternatives we suggest that fol may be helpful:

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[1] Repeated by air pouch to London, Paris, Cairo, Ankara, and Tel Aviv.

We believe second alternative i.e., testing blockade, wld be most unfortunate, since whether or not Israel took full responsibility for such action, incident wld probably occur which might not only make the problem more difficult to handle but also have serious effect on Anglo-Egyptian talks. Third alternative, i.e. obtaining public statement or private intimation from Egypt assuring free passage rights to Israel assuming it an acceptable course of action wld be matter of timing. Since Israel has no means of direct approach to Egypt, except possibly through MAC, approach wld presumably have to be made by one or more members of SC on the basis inquiring from Egypt re its intentions compliance with Sept 1 SC Res. Since compliance with SC Res's wld be basis this approach rather than question of free passage rights for Israel, it is possible that Israel's record of compliance with SC Res's on Pal wld be raised by Egypt. We assume Israel has had this possibility in mind in considering desirability third alternative.

4. You may inform Israeli Del that it continues to be our firm belief that all UN Res's shld be complied with and Egypt's case is in no way exception to this belief. However we are of opinion that present time is not appropriate to raise this question with Egypts. We shall keep in touch with the Israelis and other interested Dels and shall be glad to review matter from time to time with them.

Acheson

262.84A41/5-2552: Telegram

No. 439

The United States High Commissioner for Germany (McCloy) to the Department of State

Bonn, May 25, 1952—2:46 p. m.

3060. Fol is text Paris 894, to Bonn:

"For the Secretary.
I have just received the following letter from the Israeli Minister in Paris.

> 'Mr. Ambassador
> I have been instructed by my government to transmit to Mr. Dean Acheson an urgent message from the Israeli Foreign Minister Mr. Moshe Sharett. I am enclosing this message and I shall be most grateful if you will be able to arrange for a transmission to Mr. Acheson at the earliest opportunity and at any rate before the forthcoming meeting of the 3 Allied Foreign Ministers with the German Bundeskanzler in Bonn. Please accept (Mr. Ambassador) with the expression of my apology for the trouble I am causing you the assurance of my highest consideration.
> Maurice Fischer
> E. E. and Minister Plenipotentiary.'

The 3 great Western democracies are about to take a momentous step in removing the last vestiges of formal allied control over the German Federal Republic and welcoming her as a full-fledged member of the community of nations. On the eve of this grave event Israel and the Jewish people pose the question whether from the Allied Government's own viewpoint such emancipation can be justly accorded and Germany's good name restored at a time when the criminal liability for the wholesale plunder and destruction of Jewish wealth throughout Europe by the Nazi regime has not been even partially redeemed by its successors. On behalf of the Government of Israel and in full concert with the World Committee of Jewish organizations I beg respectfully to urge that at this crucial juncture in Western Germany's fortunes her responsibility for making good the material damage cause to the Jewish People should be impressed upon her in the strongest possible terms by representatives of the Allied Powers assembled in Paris.

It will be recalled that Chancellor Adenauer in a public statement to the Bundestag on 27 September 1951 solemnly admitted this liability as resting upon the Bonn Government and in a subsequent letter accepted the claim of Israel for the payment of $1 billion as a basis for negotiations. It was on the strength of this acceptance that Israel and the Committee of Jewish Organizations entered into negotiations with Western Germany, and The Hague. The 3 Western governments had specifically advised Israel and the Jewish Organizations to seek a settlement by direct negotiations. The discussions resulted in the acknowledgement by the Bonn Government of a debt to Israel in the amount of $715 million, the liability to be assumed towards the committee remaining still to be determined. More recently tactics of equivocation have become manifest and an attempt is now being made to whittle down the amount of Western Germany's payment to relatively insignificant proportions. If these counsels of evasion prevail, the negotiations already suspended are bound to end in final failure. The threatened breach of faith has aroused strong protests within the Bonn Government itself, and has caused the resignation of the GW leaders of its Hague delegation. Those who advocate this violation of Germany's minimal obligation may be under the illusion that the Western Allies are indifferent to the manner in which Western Germany will treat its admitted liability towards Israel and the Jewish people. In the interests of international justice it is essential that the mind of the Bonn Government be disabused without delay of any such false notions and that its leaders be prevailed upon to keep faith with their pledged word. Israel is confident that the 3 Allied governments which have had decisive responsibility for the development of the Western German Republic at every stage will surely not desire to appear to be disinterested in so grave a moral and political issue.

Accordingly I submit that the present historic moment in the evolution of relations between the Western powers and Germany affords a compelling opportunity to require the Government of the German Federal Republic to fulfill the obligations which it has incurred and acknowledged. I am addressing this communication also to Her Britannic Majesty's Principal Secretary for Foreign Affairs and to the Foreign Minister of the French Republic.

22nd May 1952.
Signed: Moshe Sharett
Foreign Minister of Israel."

McCloy

No. 440

262.84A41/5–2552: Telegram

The United States High Commissioner for Germany (McCloy) to the Department of State [1]

CONFIDENTIAL BONN, May 25, 1952—8 p. m.

3059. From the Secretary. Secretary saw Adenauer this morning re Israeli and Jewish claims. Stressed importance US attaches to having a settlement of this matter reached which is satisfactory to both sides. Emphasized fact that it is primarily a moral issue. Expressed disappointment at reports that Gers seemed to be hoping for US aid to assist them in settling the claims and pointed out that Gers wld be evading moral responsibility if they relied on such a solution. Made clear Gers cld expect no aid from US for this purpose.

Chancellor in reply noted that resignation of Boehm, chief Ger negotiator in talks with Israeli and Jewish reps had been withdrawn and Boehm was now discussing claims in Paris with Nahum Goldmann, who is acting as rep for Israeli as well as Jewish material claimants. Chancellor said he had heard these discussions are going well.

Secretary expressed satisfaction this report and said he hoped Gers wld make every effort to reach prompt and satisfactory settlement.

New subj: Suggested reply from Secretary to Sharett's letter (Paris tel 894, May 23 to Bonn) [2] will be telegraphed shortly for Dept approval.

McCloy

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[1] Repeated to Tel Aviv, London, Paris, and The Hague.

[2] Text contained in telegram 3060 from Bonn, *supra*.

No. 441

320.2 AA/5-2852: Telegram

The Minister in Lebanon (Minor) to the Department of State [1]

CONFIDENTIAL BEIRUT, May 28, 1952—1 p. m.

1323. Blandford saw Ben-Gurion, Eytan, Comay Jerusalem 26th. Israelis apparently stated they now accept principle of taking full responsibility refugees. When pressed by Blandford for definite date they tentatively suggested Sept 1. Blandford pushed for July 1. Israelis promised consult the several Ministries concerned with problem and inform agency their position next ten days.

2. Ben-Gurion displayed surprising lack info refugee problem expressing such mistaken beliefs as (a) all refugees in first class camps and living well; (b) problem solving itself as refugees being absorbed into economies of countries of refuge. Blandford pointed out we have 100,000 more refugees than when we started, only one-third living in camps, and at least half million must be moved to other countries before resettlement.

MINOR

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[1] Identified also as telegram Rapun 289. Repeated to Tel Aviv.

No. 442

262.84A41/6-352

The Secretary of State to the Israeli Foreign Minister (Sharett)

[WASHINGTON,] June 3, 1952.

DEAR MR. MINISTER: I have received through the Israel Minister in Paris your message of May 22 concerning the negotiations between Israel and the German Federal Republic on Israel and Jewish claims.

I have discussed this matter with Chancellor Adenauer and have reiterated the hope of the United States Government that a satisfactory settlement can be reached in the near future.

Chancellor Adenauer has informed me that the discussions have now been resumed in Paris and that according to his reports they are going well. It is also my understanding that the head of the German delegation has withdrawn his resignation.

Now that the negotiations have been resumed, it is my belief that with the good will which exists on both sides, it should prove possible to arrive at a reasonable and early settlement.[1]

Sincerely yours,

DEAN ACHESON

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[1] Acknowledged by Sharett in a letter of June 16 which reads in part as follows:

"I am deeply grateful for your action in addressing Chancellor Adenauer on the subject of Jewish material claims from Germany. The salutary influence of your expression of interest has become known to us, and has, indeed, reflected itself in the course of informal discussions with German representatives in recent days.

"I share your impression that the prospects of a satisfactory settlement appear to be brighter than when I sent you my message on May 22. However, there remain many vital points to be settled and we are grateful to feel the continuous active and sympathetic interest of the United States." (262.84A41/6-1852)

No. 443

784A.00/6-1252: Telegram

The Chargé in Syria (Clark) to the Department of State[1]

CONFIDENTIAL DAMASCUS, June 12, 1952—5 p. m.

768. Sec Gen FonOff told me today Syrian Govt regards Israel proposal transfer capital Tel Aviv violation of UN resolutions and inconsistent with wishes Christian and Moslem nations. He said some states had made reservations about Jerusalem when establishing dipl relations with Israel, but Israel now ignoring these reservations and inviting all states having missions Tel Aviv move them Jerusalem. Syr Govt hopes that US will not aquiesce in Israel Govt request move US Emb to Jerusalem and will let Israel Govt know removal capital to Jerusalem wld have "negative and disturbing effect" on Christian and Moslem world.

Sec Gen emphasized that Syr Govt *démarche* was concerned with question of moving capital and not directed toward reopening question of enforcing internationalization of Jerusalem at this time.

CLARK

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[1] Repeated to Tel Aviv, Paris, London, Amman, Baghdad, Beirut, Cairo, Jidda, Jerusalem, Ankara, Moscow, and Tripoli.

No. 444

684A.85/6-1352: Telegram

The Chargé in Israel (Keeler) to the Department of State [1]

CONFIDENTIAL TEL AVIV, June 13, 1952—5 p. m.

1363. Pass Army. At mtg requested by US division FonOff, Emb officer was today informed that GOI apprehensive over fol recent developments reported Jordanian and Syrian borders which FonOff believes being created as diversion from internal polit developments those states:

(A) Jordan.

1. FonOff claims Jordanians trying create incident out of Israel's erection of hut in territory which Israelis claim under their control on basis map referred in 1948 Mount Scopus demilitarized zone agreement. Jordan contested claim on basis map drawn 1949 for purpose delineating Deir Abu Tur area south Jlem, but also showing Mount Scopus and "showed hostile intent" allegedly compelling Israel dig communication trench to hut from nearest bldg Mount Scopus. As counter to Jordan complaint re hut and trench, FonOff said Israel lodged complaint alleging Jordanians using Augusta Victoria Hospice part of Mount Scopus zone for purposes not allowed in 1948 agreement. In particular, Israelis claim, Jordan troops have been stationed in old army camp near Hospice.

2. Night 9 June, two Israeli soldiers patrolling territory adjacent to no-mans land near Imwas in Jlem corridor, were kidnapped by Jordanians. Jordanian claims soldiers captured in fighting entirely unfounded, FonOff stated, since there was no confirmation any fighting in area that night.

(B) Syria.

1. Syrians allege Israelis June 2 shot into extreme north central section demil zone, south of Darbashiya village. According FonOff UN examined area and found no sign of fighting.

2. FonOff had report that this morning firing started from hill crest in Syria on to Israelis on Mount Susita above Ein Gev in southern sector demil zone; as of latest report, FonOff stated, firing continued without Israeli counterfire. (Israel fon liaison office, subsequently queried on this subject, confirmed shooting but stated only occurred once this morning and probably in connection choice poor site by Syrians for target practice.)

KEELER

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[1] Repeated to Amman, Damascus, London, Paris, Jerusalem, Baghdad, Jidda, Ankara, and Cairo.

No. 445

884A.10/6–1752

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] June 17, 1952.

Subject: Visit of Ambassador Eban Regarding Middle East Problems and Israel's Financial Situation.

Participants: Ambassador Abba Eban, Israel Embassy
Miss Esther Herlitz, First Secretary, Israel Embassy
NEA—Mr. Byroade
NE—Mr. Waller

After expressions of welcome to Mr. Byroade on his return from his recent trip to the Near East, including Israel, the Ambassador asked Mr. Byroade what his impressions were. Mr. Byroade said that he had not been in Israel long enough to formulate opinions regarding Israel's difficulties but he had noted several things that caused him concern, one of which was the economic situation. He thought it a most formidable obstacle to Israel's future. He wondered whether mechanizations of agriculture had not been overdone and whether changes in some other aspects of Israel's economic life might be beneficial. Without replying to Mr. Byroade's speculation, Mr. Eban said that the specific matter which he wished to discuss was Israel's financial condition, particularly in view of the appointment of Israel's Foreign Minister, Mr. Sharett, with Secretary Acheson the following day.

Mr. Eban recalled his first visit to Mr. Byroade, shortly after the latter assumed office, when Mr. Byroade found means to assist Israel in solving the most recent of Israel's financial problems. He said the use of MSA funds in that connection was an expedient but not a healthy one. The money obtained was used for the repayment of debt purchases of such commodities as wheat and fuel and a power project south of Israel. The Ambassador also recalled that Congress has now passed a new Mutual Security Act authorizing some $73 million for Israel during the fiscal year beginning July 1 and that Israel hopes to benefit from these funds as soon as possible.

In connection with the financial assistance given in late April and early May, Mr. Mikesell is proceeding to Israel to work with Israeli officials on Israel's balance of payments. Israel has accepted the position of Mr. Mikesell and will cooperate with him.

The present problem concerns Israel's short-term debt which, he stated, was approximately $100 million and which becomes due within one year from June 15. Israel's estimated import purchase needs, based on current import restrictions, totals about $300 million per year. On the credit side are exports totaling about $70 million, income from bonds and UJA about $120 million and grant-in-aid for the fiscal year amounts to $73 million. The difference between this total of $263 million and the $300 million in expenditures is made up by invisible exports, including tourism. Therefore, there is an approximate balance between Israel's income and expenditures when the short-term debt is not taken into consideration. Israel is not in a position to pay the short-term debts. The use of MSA funds for this purpose is not in the spirit of the grant-in-aid program and Israel does not desire to resort to those funds to pay the short-term debts.

The most helpful solution would be to find a way to refund short-term debts over a longer period and to schedule the refunded debt for payment along with Israel's further obligations. Refinancing through private banks and sources is apparently out of the question, since investigation has shown that long-term financing hardly exists in the US. The solution therefore requires governmental assistance. This appears to be the only way by which the MSA program can be preserved. One method would be for the Export-Import Bank to consolidate Israel's existing debts and arrange repayment by Israel over a long period. Another possibility would be the use of the Stabilization Fund of the US Treasury. The Ambassador said that he understood the Secretary of the Treasury has the power to purchase foreign currencies under certain circumstances, which has the effect of a foreign currency loan. He cited Mexico as a country which has benefited by the use of the Stabilization Fund.

To indicate that Israel's ability to repay is not completely black, the Ambassador stated that the compensation negotiations with Germany had taken a favorable turn during the past few days. The Germans have informally offered as a basis of negotiation the payment of 3 1/2 billion DM in goods over a 12-year period. One-half billion DM of this sum is for payment of Jewish material claims but the entire sum will apparently be paid to Israel and Israel will then assume responsibility for paying the Jewish claimants. The prospect of receiving German goods having a value of $50 million or more each year will make Israel a better risk and make possible repayment of the refunded debt over a longer period. Increased production in Israel will also add to Israel's resources.

In reply to a question whether the figure of $100 million includes short-term debts owed by Israel to other countries, the Ambassador replied that it did not include sterling but he did not know whether it included other currencies. A paper containing this information is on its way from Israel at the present time.

Mr. Byroade replied that "We must do something" but, having just returned, he did not know how or what. In his recent visit to the Arab states he was continually "beaten over the head" with alleged US favoritism to Israel and the American Government's ready willingness to rescue Israel from every financial difficulty. Mr. Byroade said that he told Prime Minister Ben-Gurion that the Arabs complain most about the disproportion between US aid to them and to Israel. They insist that every time Israel has financial trouble, the US bails Israel out. This belief by the Arabs may become a security problem for us. We therefore hope for cooperation from Israel officials to find a more permanent solution to Israel's financial difficulties.

Mr. Eban replied that there is certainly an Arab position regarding Israel but he believed it was exaggerated. If Israel should be wiped out tomorrow, he said, there would still be the Tunisian question, an Eygptian problem, and the situation in Iran.

Mr. Byroade replied that while there was much to what the Ambassador had said, it is nevertheless a fact that there exists a situation where Arab states are not strong enough to make peace. Besides they are convinced Israel does not want peace.

Mr. Byroade then mentioned the subject of blocked Arab accounts and said "Don't forget the moral side of this question—for three years you have held the Germans to their moral position and now you do not apply it to the Arabs."

When the Ambassador asked, in reply, why the Arabs refused to accept a non-aggression pact offered them at Paris, Mr. Byroade replied that those signing for the Arab states would probably have been shot. To this, Mr. Eban said he realized Israel's economic stability must be proved before the Arabs will acknowledge Israel's existence.

Mr. Byroade brought the interview to an end by expressing the hope that his frank comments would not be misunderstood and that every effort would be made to find a solution to Israel's financial problem.

No. 446

Secretary's Memoranda, lot 53 D 444

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] June 18, 1952.

Subject: Request of Israel Foreign Minister Moshe Sharett for Assistance in Overcoming Israel's Financial Difficulties.

Participants: The Secretary
Mr. Moshe Sharett, Israel Foreign Minister
Abba Eban, Israel Ambassador
Mr. Waller—NE

The Israel Foreign Minister, Mr. Sharett, accompanied by the Israel Ambassador, Mr. Eban, called at their request on the Secretary at 12:15 today. After greeting the Secretary and a short exchange of pleasantries the Foreign Minister expressed, on behalf of his government, appreciation for the assistance given by the Secretary and the US Government toward a solution of Israel's compensation claim against Germany and in connection with Israel's financial emergency of late April and early May. He continued by stating that the purpose of his present visit was to inform the Secretary of Israel's present financial difficulties and to request assistance in solving them.

The Foreign Minister recited at some length the efforts of his government to build Israel into a democratic country patterned after the US and efforts to rehabilitate a population rescued from persecution in many parts of the world. He also mentioned Israel's desire to build up its industry, its agriculture, to develop its resources, to search for water, to explore areas heretofore considered waste land, and similar ventures which require time and money. It is Israel's intention, the Foreign Minister stated, to make the country self-supporting, and it is hoped to bring this about by a substantial increase in exports of finished products as a result of industrial expansion and to export raw materials either in a natural or processed state.

Mr. Sharett said that Israel must find a way to bridge the gap between her imports and exports or, in other words, between income and expenditures. He believed that a solution to the problem could now be foreseen, although it was a question of years rather than weeks or months. One aspect of the problem, however, appeared to be incapable of solution by Israel alone and it was in connection with this problem that he wished the assistance of the US Government. The problem is to find a way to refund Israel's short-term debts, which, he stated, amount to about $124 million and which are payable at various times and in various amounts during the next twelve months. His advisers offered two possible solutions; namely, for the Export-Import Bank to consolidate the short-term debts and to arrange for the total sum to be repaid over a longer period of time; or by a stabilization of Israel's currency which, the Foreign Minister said, was notoriously weak. This would require the use of the Stabilization Fund of the US Treasury. Mr. Sharett said that he understood there have been precedents for each possible solution and that both were constitutionally permissible. So far as he was personally concerned, the Foreign Minister continued, he would prefer the Stabilization Fund procedure because, he understood, it was a secret operation and hence would not give rise to any publicity.

Mr. Sharett said that he was of the opinion that it was in the long-range political interest of the US to assist Israel in finding a solution of the financial difficulties but he recognized that on a short-term basis public knowledge of such an operation might result in some criticism, particularly from other Near East countries. While he felt that this was an important consideration, it should not be considered decisive because, although the Arab states would undoubtedly like to see Israel in difficulties, they are losing as much economically as Israel by refusing to come to terms for peace. He also recognized that the Arab states are in a better position than Israel to afford losses.

The Secretary replied by stating that he has known of Israel's difficult financial situation; he has recognized the importance of finding a solution; and that he would look into the matter. The Secretary said that Mr. Mikesell is being sent to Israel to try to find an answer. What must be determined is whether Israel's financial policy will be effective or whether Israel will continue policies which would recreate the present situation. The Secretary continued by saying that he would have the matter gone into urgently, but that he understood it would not be permissible to use Mutual Security funds. He said he had not heard of the Stabilization Fund possibility and had assumed the only possibility was an Export-Import Bank transaction.

The Foreign Minister said that Israel had followed very carefully the hearings on the Mutual Security Bill and was well aware of the sentiment against using MSA funds for other than program purposes. Israel had always recognized the wisdom of this and had used MSA funds in the past to pay for current imports only after other possibilities had been exhausted. Israel also realized that it was in its own interest for the program to develop according to plan. It was therefore to find a solution outside MSA that he had presented the matter to the Secretary and was exploring possibilities with other officials of the Government. He expects to see Secretary of the Treasury Snyder tomorrow to obtain his advice about the possibilities of using the Stabilization Fund procedure.

In conclusion, Foreign Minister Sharett said that he fully realized the Secretary had not committed himself in any way but that he nevertheless felt encouraged by the Secretary's remarks.

No. 447

683.84A/6-1952: Telegram

The Chargé in Syria (Clark) to the Department of State [1]

CONFIDENTIAL DAMASCUS, June 19, 1952—2 p. m.

788. Department pass Defense. Re Tel Aviv's Embtel 1363, June 13. Allegation by Israel FonOff that recent developments on Syro-Israel border created as "diversion" from internal political developments appears completely unfounded. On contrary, notwithstanding increasing Syr concern over Israeli activities in demil zone, as revealed to us both privately and formally by Syr officials, we have not detected single instance public condemnation of Israel action in demil zone and zone has not even been mentioned in press since present regime came to power. We interpret this restraint as reflecting Shishikli's genuine desire achieve mutually satis settlement demil zone question on basis new demarcation line. Shld Israel continue its steady encroachment on zone without any prospect its mtg Syria part way, it is possible Syr tactics might change in favor of airing Syrian grievances publicly. View tremendous appeal to Syr sensibilities press campaign on this most delicate question wld have, we hope progress can shortly be made in direct negots between Syr and Israel on zone question.

In this regard, we are reassured by reports that Israeli have acquiesced in MAC chairman's request cease plowing begun last week on PLDC-owned land on east bank Jordan above Daughters of Jacob's Bridge. This is land from which Arabs were ordered to withdraw early last month (Legtel 649, May 5).

Referring above Ein Gev last para Tel Aviv ref tel, on visit to this area June 17, Asst ArmAtt ascertained firing probably occurred in connection with routine night maneuver by small unit. Commanding officer asserted no firing directed toward Israel posts and maneuver was held in valley from which it was impossible even see Israel lines.

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[1] Repeated to Amman, Jerusalem, London, Paris, Tel Aviv, Ankara, Baghdad, Beirut, Cairo, and Jidda.

CLARK

No. 448

683.84A/6-2052: Telegram

The Chargé in Israel (Keeler) to the Department of State [1]

SECRET TEL AVIV, June 20, 1952—6 p. m.

1393. Bendor, Chief US Division FonOff informed Emb that fol took place at mtg June 17 between Col Taxis, Brig Gen Moshe Dayan, newly appointed head of Northern Command IDF, Col Ramati, senior Israel MAC rep and Major Arie Friedlander, senior Israel del ISMAC to discuss Israel desire continue plowing PLDC land on left bank of Jordan in southeast corner of Huleh which was stopped after 1/2 day work at request Col Taxis June 13 in order avoid possibility of breach of peace: (1) Col Taxis agreed to renewal of plowing on condition Israelis give him 48 hour advance notice. Bendor said he did not know whether such notice had since been given or whether plowing going on; (2) In gen discussion which followed, Dayan took occasion raise question of high level Israel-Syrian talks (Embtels 1221 [2] and 1191), [3] informed Taxis that altho Israel preferred talks on highest level, wld not insist on that level, and prepared discuss "any subject whatsoever"; (3) Dayan, reversing previous decision (Embtel 1240), [4] agreed permit Shamalneh Arabs harvest crops planted on land in Israel territory west of demil zone".

KEELER

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[1] Repeated to Damascus and Jerusalem.

[2] Document 437.

[3] Document 432.

[4] Not printed.

No. 449

784A.13/6-2052

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] June 20, 1952.

Subject: Visit of Israel Foreign Minister Moshe Sharett

Participants: Mr. Moshe Sharett, Israel Foreign Minister
Ambassador of Israel, Abba Eban
NEA—Mr. Byroade
NE—Mr. Hart
NE—Mr. Dorsey
NE—Mr. Waller

The Israel Foreign Minister, Mr. Sharett, and the Israel Ambassador, Mr. Eban, called at their request on Mr. Byroade this afternoon at 4 o'clock. After exchanging greetings and touching on several minor matters, the Foreign Minister related to Mr. Byroade the story of Israel's financial difficulties. The story was almost identical with the information provided by Ambassador Eban to Mr. Byroade June 17 (see memorandum of conversation dated June 17).

Mr. Byroade replied that he was very much interested and concerned about the problem, which was one of greatest concern to him when he was recently in Israel. His study of the matter so far has led him to the conclusion we do not really know the facts. Mr. Sharett said the Israel Government is prepared to open its books. Mr. Byroade replied that Mr. Mikesell's work must be expedited in order to get an early answer on which to base a decision. Ambassador Eban said Mr. Mikesell and the Israel Embassy's treasury representative were together yesterday and that perhaps Mr. Mikesell could make an interim recommendation before going to Israel. Mr. Byroade doubted that Mr. Mikesell would be in a position to express an opinion before leaving for Israel. Mr. Sharett then said that treasury experts from Israel could be brought over to help. Mr. Byroade again expressed doubt that any report could be made until after Mr. Mikesell's arrival in Israel. Mr. Sharett then emphasized the urgency of the matter—which Mr. Byroade said he understood.

Mr. Byroade continued by saying that, speaking frankly, the US seems always to find itself in the position of being called on to help Israel out of financial difficulties without having the full facts of the situation. He reminded Mr. Sharett that in the two months he (Mr. Byroade) has been in office as Assistant Secretary, the Department has been asked twice to assist Israel financially on an urgent basis. He personally would like to get Israel's financial affairs on a basis which would provide a breathing space. He then asked the Foreign Minister if he had any suggestions. Mr. Sharett turned to Ambassador Eban and reminded the Ambassador that the Embassy has now received from Jerusalem a detailed account of the situation, and the Ambassador then said that the information could be made available. Mr. Sharett, addressing Mr. Byroade, said that he hoped the Department would recommend the instrumentality to be used and if it should be decided that the operation should be put through the Export-Import Bank he hoped the Department would make an appropriate recommendation to the Bank. Mr. Byroade said that the matter must be arranged in such a way that it does not appear to the world that the US is always bailing Israel out.

No. 450

784A.13/6-2052

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] June 20, 1952.

Subject: Visit of Israel Foreign Minister Moshe Sharett.

Participants: Mr. Moshe Sharett, Israel Foreign Minister
Ambassador of Israel, Abba Eban
NEA—Mr. Byroade
NE—Mr. Hart
NE—Mr. Dorsey
NE—Mr. Waller

During a conversation with Foreign Minister Sharett regarding Israel's financial difficulties, Mr. Byroade asked Mr. Sharett whether a meeting could not be arranged between Colonel Shishikli of Syria and General Yadin of Israel to discuss problems of interest to the two countries. Mr. Sharett asked whether any purpose would be served and whether Col. Shishikli wants a meeting. Mr. Byroade said he could not answer for Col. Shishikli but that he felt it would be worth while trying to arrange such a meeting. He continued by saying that there is a feeling in the Arab states that Israel does not want peace. Mr. Sharett replied that the Arabs have never put it to a test. Instead, they spread rumors which tend to create suspicion about Israel's desires. Mr. Byroade said that it must be remembered that some of the Arab states are not strong enough to make peace by themselves. Mr. Sharett answered that if the Arab states cannot make peace all at once, then Israel would be glad to take it a little at a time. The fact is, he continued, the Arabs will not take one step outside the Arab League. Egypt, for example, said Mr. Sharett, knows Israel wants peace. Israel had had means to get the information to the Egytian Government. The Egyptian reply has always been that the time is not right. Mr. Sharett said that Israel has offered full discussion, partial discussion, or any kind of discussion desired, with no results.

Mr. Byroade suggested that Syria might be more important now than heretofore in the Arab world, and inferred that Israel might profitably start peace feelers with Syria. Mr. Sharett replied that he attached importance to what Mr. Byroade said and that Israel would investigate and perhaps have an answer in the near future.

With regard to incidents along Israel's borders, Mr. Byroade said that he believed Israel's policy of retaliation was self-defeating, since it causes the Army to acquire an attitude of taking several lives for one. Mr. Sharett said that that was a situation common to all countries but that he personally had always counseled restraint. Mr. Byroade said he saw no evidence that any Arab state was doing anything to renew the war with Israel. Mr. Sharett asked whether Mr. Byroade had spoken to Prime Minister Ben-Gurion along these lines. Mr. Byroade said that he had and had also spoken of the future, particularly the effect on youth of the Iron Curtain atmosphere which prevails along Israel's borders. Mr. Sharett said he had spent two years of his life in an Arab village and he not only likes them but he knows them well. He regretted the present lack of normal relations with the Arab states.

Mr. Byroade said he enjoyed talking with Mr. Sharett and hoped that before Mr. Sharett returned to Israel he would have another opportunity to see him at a time when he was somewhat less occupied than at the moment.

No. 451

683.84A/6-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, June 27, 1952—8 p. m.

1426. Dept pass Army. In conv today Col Taxis expressed conviction real danger exists outbreak hostilities between Syria and Israel if latter resumes work on PLDC land east of Jordan and south of Lake Huleh without prior understanding with Syria (Embtel 1393). [2] He considers it most important mtg take place between parties soonest and that Israel refrain from further work east of Jordan pending outcome of conf. Altho Eytan confirms intention Israel Govt participate in meeting irrespective rank of reps, I propose because of imminence of danger to discuss matter with PriMin tomorrow, expressing gratification over Israel decision not permit minor considerations prevent mtg with Syrian reps, and hope that nothing will be done to provide pretext for breach of peace before ordering mtg.

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[1] Repeated to Jerusalem and Damascus (for Taxis).

[2] Document 448.

Comment: Emb considers fears expressed by Col Taxis entirely justified and feels any overt act by Syrian controvention armistice agreement and May 18 res wld play into hands of those elements here who are defeatist about effecting any settlement other than thru use of force (see Embtel 910).[3] The failure of attempts to effect mutually advantageous local settlements within framework of armistice agreements has given rise to general feeling of frustration and if continued will increase danger of resort to arms.

While proposed mtg is considered wholly desirable as means of forestalling deterioration of sitn as result of apparent decision Syria to force showdown over work on east bank, fact must be faced that danger of deadlock in mtg is distinct possibility as result wide divergence in respective viewpoints. If Syria shld make "adjustment of demarcation line" to Jordon her basic and minimum demand, chances of success wld be prejudiced to say the least. On other hand it is believed chances of success will be enhanced if Israel carried out what is understood to be present intention to name General Moshe Dayan as principal Israel rep for purposes high level talks. FonOff advises he will probably be assisted by Tekoah, asst legal advisor of FonOff and expert on Huleh question, and that mtg is expected to take place June 30.

Davis

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[3] Dated Mar. 4, not printed.

No. 452

683.84A/6-2952: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY Tel Aviv, June 29, 1952—3 p. m.

1431. Mytel 1426.[2] Called yesterday on PriMin Ben Gurion, who confirmed Israel intention take part proposed mtg irrespective rank of Syrian rep. He deplored but readily understood reasons why Shishikli will not take part personally. He apparently had not been briefed on importance of question of work on east bank, and he evinced keen interest in our opinion that resumption of such work just now not only wld prejudice chance of successful mtg but might result in local outbreak hostilities such as occurred last year.

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[1] Repeated to Jerusalem and Damascus (for Taxis).

[2] *Supra.*

He and FonOff advisers Eytan and Comay asked whether ownership land was in question. Without citing source I based reply on info from Col Taxis that issue not ownership but broader matters of policy. Stressed that altho Israel might have technical legal right work land, question cld not be isolated from gen situation and from viewpoint Israels broad interests it might be highly impolitic proceed exercise right in present circumstances.

PriMin said he appreciated having Emb views, which he found disturbing since his govt has no desire provoke incident. Since interest was expressed in why matter regarded as so important, I replied it was Emb's impression Syrians felt strongly Israel has extended police control over most of demil zone in disregard intent armistice agreement, May 18, 1951 SC res, and MAC chairmans requests re police and free movement to and from demil zone. Now consider project to plow up land east bank as attempt face Syria with further "*fait accompli*".

It was concensus all present that too much cld not be expected from first mtg because viewpoints so divergent, but I stressed desirability avoid deadlock and continue conferences.

Stated Emb does not undertake suggest what concessions might be made, confining itself to helping bring about direct negots; expressed hope however mtgs wld eventually result in liquidation Huleh controversy, which shld be possible since Syria does not seem opposed development project per se, but interested in political questions re demil zone and particularly adjustment demarcation line.

PriMin replied Israel is of course determined continue Huleh development project. As to frontier his govt's position well known, viz. border with Syria shld be that of Palestine under mandate. He added in summary however much depends on whether mtgs can lead to real step toward peace, in which case concessions might be made, but if Syria continues to say, and mean, it will take no step toward peace then Israel will have no choice but to maintain *status quo* under armistice agreement.

Davis

No. 453

884A.10/6-3052

Memorandum by the Acting Secretary of State to the President

SECRET

Washington, June 30, 1952.

Subject: Appointment with Israel Foreign Minister, Mr. Moshe Sharett.

The Israel Minister for Foreign Affairs, Mr. Moshe Sharett, and Ambassador Eban have an appointment with you Tuesday, July 1, at 12:15. While the ostensible purpose of the call is one of courtesy prior to his return to Israel, it is possible that the Foreign Minister may take the opportunity to mention Israel's present financial difficulties.

In this connection, Mr. Sharett has already requested United States Government assistance in refunding Israel's short term debt, stated to amount to $124 million. Possibilities suggested by the Foreign Minister included an Export Import Bank loan or use of the United States Treasury Stabilization fund. The need for such aid has not yet been proven, nor has it yet been possible to evaluate its effect upon our policy of impartiality in the Near East.

The difficulties are such that Dr. Raymond F. Mikesell, Professor of Economics at the University of Virginia and consultant to various government agencies, is being sent to Israel, with the cooperation of the Israel Government, in an endeavor to obtain sufficient information about Israel's financial and economic problems to recommend methods and policies for solving them.

The important points made by the Secretary in his conversation with Foreign Minister Sharett and Ambassador Eban were: (1) He would have the matter gone into urgently; (2) Mr. Mikesell is being sent to Israel to try to find an answer to Israel's financial troubles; and (3) we must determine whether Israel's financial policy will be effective or whether Israel will continue policies "which would recreate the present situation."

The Foreign Minister and the Ambassador were informed along the same lines in interviews with Assistant Secretaries Byroade and Thorp and, it is understood, with Secretary Snyder of the Treasury, as well as with Mutual Security and Technical Cooperation Administration officials.

There are attached in the event you wish to review them:

1) A memorandum on the background of Israel's financial problem, including the factors which have precipitated the present crisis. (Tab A) [1]

2) A summary of United States Government aid to Israel. (Tab B)

3) A summary of basic Israel financial statistics. (Tab C)

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[1] The tabs, not found attached to the source text, are supplied here from the ribbon copy of the memorandum in the Truman Library, Truman papers, President's Secretary's file. Tabs A, B, and C are the same as correspondingly designated attachments to a memorandum of June 17 from Byroade to Dulles (not printed) which discussed the Israeli financial emergency in anticipation of Sharett's visit to the Department on June 18. (884A.10/6-1752)

4) A memorandum of the conversation of June 18 between the Secretary, Foreign Minister Sharett, and Ambassador Eban. (Tab D)[2]

Recommendation

In the event that Mr. Sharett raises the question of further financial assistance for a refunding operation, it is recommended you advise Mr. Sharett

1) that the subject is now under study by Dr. Mikesell, who is on his way to Israel;
2) that any action will depend in part on the nature of his findings; and
3) that Israel should by no means assume that a favorable reply is a foregone conclusion.

David Bruce

[Tab A]

Background:

(a) Israel's leadership has been concentrating all its efforts on "ingathering of exiles" since 1947, regardless of the exiles' capabilities, as individuals or as groups, to contribute to the productivity of the nation.

(b) This immigration policy has been carried on in as yet unfounded hopes that natural resources might eventually be developed to support an expanding population on higher income levels than have been obtainable by the previous population, largely made up of Moslem and Christian Arabs.

(c) This "ingathering" has now substantially ceased, in the face of stubborn facts, but Israel's leadership is committed to the principle of unrestricted immigration.

(d) Israel's finances are complex, involved as they are not only in the government's accounts, but also in Zionist groups largely centered in the United States, whose contributions are often "tied" to objects not necessarily controlled by the government or necessarily of first priority in the light of the country's pressing needs. Israel has been supported, during the last four years, by contributions from abroad which approach $750,000,000.

(e) Israel's actual current international commercial debts are still not clearly identified; efforts are now being made by the Israelis to prepare an accounting which will indicate the nature of the current accounts which Israel proposes to fund with assistance from the United States.

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[2] Document 446.

(f) Until more financial information is available, we cannot tell whether the present crisis arises from (1) a fundamental mismanagement of the nation's resources, e.g., an overly expanded investment program, or (2) a disorderly-debt repayment schedule, imposing undue burdens on the state in the immediate future. If (1) is the case, a funding operation would help but more fundamental remedies are needed. If (2) is the situation, fuller information as to the type and amount of required funding is needed. It is conceivable that the total volume of short-term obligations is not excessive, and the immediate problem can be solved by a renewal of some of the more pressing obligations.

(g) We have already arranged for Mr. Raymond Mikesell to examine Israel's entire financial position. This was done in connection with the last request of Israel in April 1952 for use of its MSA grant fund to pay overdue short-term obligations. Mr. Mikesell, who will soon be leaving for Israel pursuant to notes exchanged with the Government of Israel, should be able to report fully before September. In the meantime, it is believed that the Israel Government can renew, pay, or otherwise satisfy its obligations.

(h) The program of grant assistance for 1953, now authorized at about $70,000,000, is estimated to be adequate to finance current Israel imports, when supplemented by commercial exchange resources and the proceeds of contributions from abroad—soon expected to be increased by payments from Germany amounting to $50,000,000 per year, largely in kind.

The Congress, in authorizing this grant, urged "the Administration to end relief operations as soon as possible and concentrate on development with the purpose of helping Israel to become self-supporting." Section 205 of the Mutual Security Act authorizes the $70,000,000 to be utilized "for specific refugee and resettlement projects in Israel."

[Tab B]

SUMMARY OF U.S. GOVERNMENT AID TO ISRAEL

I. Loans

Israel has received two 3½% twelve-year loans from the Export-Import Bank as follows:

January 1949	$100,000,000
December 1950	35,000,000
Total	$135,000,000

Approximately half of the proceeds were devoted to agriculture, with the remainder largely for industry, transport and communications. The first semiannual repayment of $2,953,000 principal and interest was made, as required, in March 1952.

II. Grants

The Israel Government requested grants in aid of $150,000,000 for the fiscal year 1952 and $126,000,000 for the fiscal year 1953.

Congress approved the following figures:

	Technical and Economic Aid	*Refugee Relief and Resettlement*
FY 1951	$96,300	-0-
FY 1952	$14,950,000	$50,000,000
FY 1953 (Pending approval by Appropriations Committee	$2,772,000	$70,228,000

Of the $64,950,000 authorized for fiscal year 1952, $800,000 has been obligated for technical assistance and the balance has been allocated for economic aid and refugee relief with the exception of $650,000 which has been set aside pending a final determination as to over-all program direction costs.

III. Other Aid

Under the exchange of persons program authorized by the Smith-Mundt Act, $155,776 has been allocated through fiscal year 1952 for the exchange with Israel of leader specialists, professors, students and other trainees.

During the period 1950–51, Israel received $23,255,318 in free assistance in the form of surplus agricultural commodities.

[Tab C]

BASIC FINANCIAL STATISTICS—ISRAEL

I. Bond Drive (Unclassified)

From May 1, 1952, the initial date of the bond flotation, to December 31, 1951:

Subscriptions	$101,647,300
Cash receipts	$54,100,000

The most recent data available indicate that the totals had been increased to:

Subscriptions (May 1952)	$125,000,000
Cash receipts (June 1952)	$75,000,000

II. United Jewish Appeal (Unclassified)

Collections in the United States since 1948:

1948	$148,000,000
1949	$116,000,000
1950	$90,000,000
1951	$85,000,000
1952 (five months)	$39,000,000
Total	$478,000,000

Note: An unofficial Israel source estimates that three-quarters of these collections accrued to Israel and the remainder was used for Jews outside Israel.

III. Balance of Payments (Confidential)

1949–1951 (In Million U.S. dollars)

A. Payments (Expenditure)

Item		*1949*	*1950*	*1951*
1.	Import of merchandise (CIF)	$242.20	$287.28	$343.28
2.	Transport and Insurance (additional)	4.20	5.32	8.40
3.	Foreign Travel	2.24	2.80	2.24
4.	Dividends, Interest, Real Estate	0.84	1.12	0.84
5.	Special Items	4.48	10.36	6.44
6.	Israel Representatives abroad	1.40	1.68	1.12
7.	Sundry Services (Posts, Patents, Publicity, etc.)	0.84	1.12	0.84
8.	Sundry Money Transfers	2.80	4.20	1.40
9.	Support and Tuition fees	0.56	1.40	1.68
10.	Miscellaneous (incl. 1.3 on amount of Indep. Loan)	3.92	6.44	16.80
	Total	$263.48	$321.72	$383.04

B. Income (in Cash and in Kind)

Item (Confidential)		*1949*	*1950*	*1951*
1.	Export of Goods (FOB)	$29.68	$44.96	$56.76
2.	Insurance Companies & Local Transport	3.08	2.52	1.40
3.	Tourism	5.88	3.36	2.80
4.	National Funds, Independence Loan & Public Institutions	68.60	52.92	82.60
5.	U.S. Grant-in-Aid	—	—	14.00
6.	Foreign Representatives in Israel	4.20	2.80	1.68
7.	Private remittances & purchases by the public	14.56	14.00	16.24
8.	Releases of Sterling Balances and Balance of Purchase and Sale by Issue Dept.	23.80	49.96	32.20
9.	Foreign Securities	—	—	9.52
10.	U.S. Loan Imports	17.20	46.68	46.12
11.	Non-Payment Imports	62.62	51.24	71.40
12.	Other Loans and Credits	32.76	60.48	68.32
	Total	$262.48	$328.72	$403.04

IV. Foreign Trade (Unclassified)

(In Israel Pounds)

		Exports			*Excess of Imports Over Exports*
	Imports	*Israel Products*	*Re-Exports*	*Total Exports*	
1948*	23,213,940	1,326,126	214,622	1,540,748	21,673,192
1949	87,572,333	10,176,854	422,689	10,599,543	76,972,790
1950	102,604,442	12,552,415	609,797	13,202,212	89,442,230
1951	123,348,685	15,983,483	736,582	16,720,065	105,672,783
1952 †	20,160,733	4,174,959	106,247	4,281,201	15,879,527
Total	356,900,133	44,213,837	2,089,937	47,343,769	319,840,572

* July through December only. No figures are available for the first six weeks (May 15 to June 30) after the founding of the State. [Footnote in the source text.]

† January and February only. [Footnote in the source text.]

No. 454

Editorial Note

In a note of July 1, the Embassy in Israel informed the Israeli Government that the latter had been declared eligible to receive reimbursable military assistance under section 408(e) of the Mutual Defense Assistance Act of 1949, as amended, provided the necessary assurances required by the Act were forthcoming. In a note of July 23, the Israeli Government gave the necessary assurances, and the agreement entered into force on July 23. For text of the notes exchanged, see 3 UST (pt. 4) 4985.

No. 455

784A.02/7-352: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, July 3, 1952—6:51 p. m.

7. Deptel 907 Jun 7. [2] Fol is US position re recently announced intention Govt Israel move its FonOff from Tel Aviv to Jerusalem. This has been discussed with Brit, Fr and Turk Reps here. It has been agreed four govts shld make joint *démarche* to Israel although exact nature each approach will not necessarily be identical. Text of *aide-mémoire* you shld use fols statement US position. Brit, Fr and Turk Reps Tel Aviv being instructed as is Austral Rep with whose Govt Brit have consulted.

"1. The US, in concert with Brit, Fr and possibly other govts, shld request the Israel Govt orally and confidentially not to move its FonMin to Jerusalem until the UN has had an opportunity to reconsider the question of Jerusalem with a view to devising a status for Jerusalem that will satisfactorily preserve the interests of the states directly concerned as well as the interests of the internatl community;

"2. The Govt of Israel shld be informed at the same time that the US has no present intention of moving its Emb from Tel Aviv to Jerusalem;

"3. After a suitable delay to determine Israeli reaction Chiefs of Missions in interested capitals might be authorized in their discretion to inform the govts to which they are accredited, orally and confidentially, of the action taken;

"4. No public statement re this action shld be made by the US Govt;

"5. Shld the Israel Govt move its MinFonAff to Jerusalem, the position of the US re any change in the present location of its Emb in Israel will be reexamined after the UN has had an opportunity to reconsider the question of Jerusalem with a view to devising a status that will satisfactorily preserve the interests of the states directly concerned as well as the interests of the internatl community;

"6. In reexamining its position the US will again consult the Brit, Fr, and possibly other govts in an effort to agree on a common policy."

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[1] Repeated to Cairo, Jidda, Baghdad, Amman, Beirut, Damascus, Jerusalem, and New York, and by air to London, Paris, Ankara, and Rome.

[2] A repeat of telegram 6467 to London, June 7 (repeated for information to 12 other posts), telegram 907 contained the Department's tentative conclusions and recommendations in the light of the Israeli Government's intended move of its Foreign Office from Tel Aviv to Jerusalem. (784A.02/6-752)

BEST COPY AVAILABLE

In concert with UK, French and Turk colleagues you shld speak to Acting FonMin at earliest opportunity re Jerusalem along lines fol *aide-mémoire* which shld be left with him:

> "The Govt of the US has noted with concern the decision and announcement of the Israel Govt on May 4, 1952 to move the FonOff to Jerusalem. The Govt of the US has adhered and continues to adhere to the policy that there shld be a special internatl regime for Jerusalem which will not only provide protection for the holy places but which will be acceptable to Israel and Jordan as well as the world community. Since the question of Jerusalem is still of internatl import, the US Govt believes that the UN shld have an opportunity to reconsider the matter with a view to devising a status for Jerusalem which will satisfactorily preserve the interests of the world community and the states directly concerned. Consequently, the US Govt wld not view favorably the transfer of the FonOff of Israel to Jerusalem.
>
> "The Govt of the US also wishes to convey that in view of its attitude on the Jerusalem question, it has no present intention of transferring the Ambassador of the US and his staff to Jerusalem."

In addition to above you shld inform the Israel Govt that in view of various negots, i.e. refugee question, Syria–Israel difficulties, etc., this is no time for Israel to be "rocking the boat" by such public announcements as move of FonOff. We cannot believe that conduct foreign relations between Israel and other states wld be in any way enhanced by transferring FonOff to Jerusalem if majority fon missions remain in Tel Aviv. You may also tell FonOff that this approach is being made on confidential basis and that we have no present plan for public statement.

Advise Dept date and hour ur appointment with FonOff for above purpose.

Addressees Arab states shld not discuss above with govt to which accredited until further instructed by Dept.

Bruce

No. 456

784A.02/7-652: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, July 6, 1952—4 p. m.

25. Deptel 7, July 3. First para recd in garbled form. Pending receipt corrected text Emb submits fol observations:

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[1] Repeated for information to Cairo, Jidda, Baghdad, Amman, Beirut, Damascus, Jerusalem, London, Paris, Ankara, and Rome.

Acting FonMin who is PriMin Ben Gurion will not return from Jerusalem until Friday evening, July 11 at earliest. Since it is considered undesirable go Jerusalem purpose deliver note this subj, I propose leave *aide-mémoire*, after consultation colleagues concerned, with DirGen FonOff Eytan with whom have tentative appointment 11 a. m. Wednesday, July 9.

Emb comment on reftel: Emb notes with gratification Dept decision make *démarche* on confidential basis and await Israel reaction before authorizing missions inform certain govts. Emb feels however it wld be preferable to authorize all missions to inform govts to which accredited content *aide-mémoire* orally and confidentially rather than confine such action to any specific group of countries. It is believed important, moreover, that nature of instrs to other missions be made known by Emb to Israel govt. It is our experience that in any case Israelis learn of such action promptly with damage to our reputation of frank dealing. Dept will recall how quickly and with undesirable consequences Israelis learned last year that we had confided expected content May 18 res to Arab League reps.

It is hoped the Dept will agree to slight modification wording of para immediately fol *aide-mémoire*, beginning "in addition to above" and ending "no present plan for public statement" so that import para retained but certain phraseology believed unnecessarily offensive to Israelis may be avoided. Wld propose modification along fol lines: It is view US Govt that public announcement proposed move of FonOff to Jerusalem cannot have constructive effect on Israel fon relations and on policy interests friendly powers. If, as appears likely, a substantial number of govts represented in Israel regard it as undesirable to move their missions to Jerusalem, considerable difficulty and inconvenience in conduct normal business will result. Present approach being made on confidential basis in hope Israel Govt will find it possible to coop in this matter. [2]

DAVIS

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[2] In telegram 17 to Tel Aviv, July 8, the Department approved the modification proposed here except for the last sentence, which was to be eliminated. Instead, the Embassy was at its discretion to inform Eytan that if the Department was asked about its position by interested governments it proposed to reply on a confidential basis along the lines of telegram 7 to Tel Aviv, July 3. (784A.02/7-652)

Ambassador Davis reported on July 9 that the *aide-mémoire* was presented at 11 that morning, and that comment was made with the modification authorized in the Department's telegram 17 of July 8 (telegram 45 from Tel Aviv, July 9, 5 p. m.; 784A.02/7-952).

In circular telegram 67, July 21, 7:15 p. m., the Department stated that because the Israeli Government had found it necessary to answer a reported Arab broadcast that the U.S. Government had requested Israel not to move its Foreign Office to Jerusalem by issuing a press release (the text of which was not available in Wash-

Continued

No. 457

683.84A/7-2052: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV July 20, 1952—5 p. m.

100. Embtel 95, July 18. [2] Last night took opportunity in conversation with Sharett to express hope there wld be no acts of reprisal as result murder Israeli watchmen at copper mine. He replied he had long been on record as opposed to reprisals on both moral and policy grounds. We discussed evidences of reprisal mindedness mil and public, who are inclined feel reprisals only means hold down Arab attacks.

While above undoubtedly represents FonMin's personal views, it is evident he has found it difficult restrain above elements in mil in past and it remains to be seen whether he can have greater success in future.

DAVIS

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ington), a Department press officer that day read the text of the *aide-mémoire* to correspondents for background. The Embassy in Israel was instructed to inform the Israeli Foreign Office that the Department regretted this publicity and the fact that Israel had found it necessary to issue a release on the subject. The Missions in the Arab countries were authorized to confirm to the governments to which they were accredited that the U.S. representation had been made to Israel on July 9. (784A.02/7-2152)

In circular telegram 70, July 22, 5:38 p. m., the Department authorized the release of the text of the *aide-mémoire* contained in telegram 7 to Tel Aviv, July 3. (784A.02/7-2252) The text was released in Washington in the Department's press release 576, July 22. (S/PRS files, lot 77 D 9) See also Department of State *Bulletin*, Aug. 4, 1952, p. 181.

[1] Repeated to Jerusalem, London, Paris, Ankara, Baghdad, Cairo, Amman, Damascus, and Beirut; sent by pouch to Jidda.

[2] Telegram 95 from Tel Aviv, July 18, 4 p. m., stated that the killing early that week of five Israeli watchmen guarding copper mines in the Negev about 17 kilometers north of Elath was the latest in a series of recent developments agitating official circles in Tel Aviv. (683.84A/7-1852)

No. 458

683.84A/7-2052: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, July 20, 1952—10 p. m.

105. Comment on Embtels 95 [2] and 100.[3] Emb considers recent events such as fol represent definite setback to attempts improve conditions NE and add up to serious deterioration Israel-Arab rels:

(1) Failure Jordan cabinet approve Touqan–Ramati agreement re Latrun even though agreement within framework armistice and held unquestioned benefits for both parties, including opportunity Arab peasants regain farms. Reason for failure apparently Arab policy that no settlement shld be made with Israel.

(2) Reported public statements Jordan PriMin that he had never negotiated and wld never negotiate such agreements with Israel (apparently advantages to Jordan population and to region not considered relevant).

(3) Meeting Damascus of reps armistice commissions four Arab states, with attendant publicity just prior scheduled Israel-Syrian "high level" meeting and reported announcement that chiefs of staff these Arab states to meet Alexandria in Aug, all of which had provocative effect both sides.

(4) Repeated postponements "high level" meeting between Israel and Syria with publicity reported Syrian demands on Israel contemplated make it more difficult for both sides reach agreement (Embtel 71). [4]

(5) Increase in border incidents after Touqan's resignation, influenced it is understood by inability obtain Jordan Govt support for Latrun and other decisions. Most serious thus far is recent murder five Israel watchmen Negev Copper Mine (reftels and Jerusalem Contel 9 to Dept).[4]

(6) Climax to unfavorable polit trend, statements attributed to Arab League spokesman just published to effect that Israel may try to take over all Jerusalem, that Arabs advised seek solution Palestine problem without further ref to UN, that Arab refugees shld concentrate within Jordan controlled Palestine or in other areas close to Israel border, and that "not single Arab country thinks of concluding peace treaty with Israel."

Despite obvious advantages of liquidating Arab-Israel conflict, we in other west countries have been singularly unsuccessful in persuading any NE country to move toward settlement. Even Israel is giving prior attention to other interests it considers more pressing;

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[1] Repeated to Jerusalem, London, Paris, Ankara, Amman, Beirut, Baghdad, Damascus, and Cairo; sent by pouch to Jidda.

[2] See footnote 2, *supra*.

[3] *Supra*.

[4] Not printed.

and those Arabs who oppose any settlements or even negots with Israel seem to be having it all their own way. In the meantime this conflict stands as the chief obstacle to our major policy interests, to say nothing of the welfare of whole population of NE.

Since sitn cannot be expected remain static Emb fears that unless west powers take more positive line throughout NE area, negative attitudes plus continued frustration any constructive efforts may well lead to developments which will confront powers with necessity and under tripartite declaration.

DAVIS

No. 459

684A.86/7-2352

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] July 23, 1952.

Subject: Israel Government's Views Regarding (1) Israel-Arab relations; (2) Suez Canal; (3) Representation of the Middle East in the Security Council; and (4) Jerusalem.

Participants: Ambassador Abba Eban, Israel Embassy
Miss Esther Herlitz, First Secretary, Israel Embassy
Mr. Byroade—NEA
Mr. Dorsey—NE
Mr. Waller—NE

Ambassador Eban called on Mr. Byroade today to discuss a number of questions before proceeding on vacation. Among the questions discussed were the following:

1. *Israel-Arab Relations:* The Ambassador recalled that informal suggestions had been made by Mr. Byroade regarding direct talks between Israel and Syrian representatives and by Mr. Kopper regarding the use of the Department as a "post office" in exchanging views with Egyptian representatives. The Ambassador said that Israel was ready at any and all times to discuss with any Arab state the possibility of an advance in Israel-Arab relations; that Israel does not insist that discussions with any one Arab state take precedence over discussions with any other; and that Israel would appreciate any action whereby the US would encourage any Arab state to engage in negotiations or discussions with Israel.

Mr. Byroade replied that he appreciated having this information and that no one could ask for anything more. He continued by saying that we consider Col. Shishikli of Syria a good prospect and that he may even be a better prospect than Egypt for pursuing direct talks. He said he had had a frank discussion with Prime Minister Ben-Gurion on the possibilities of talks with Egypt and the Prime Minister felt that he himself might be able to do something with the Egyptians. Mr. Byroade said he hoped that the Prime Minister would find it possible to initiate action with the Egyptians as soon as a stable government is established there.

Ambassador Eban said that the Israel government, although it does not expect an attack on Israel, nevertheless feels disquiet at recent actions and statements on behalf of Arab governments which cannot fail to increase tension. He pointed out that Col. Shishikli, Azzam Pasha, and Mr. Ahmed Shukeiry have made statements threatening Israel's integrity and security. Also meetings of Arab chiefs of staff are publicized in direct relation to action against Israel.

With regard to Israel and Jordan relations, the Ambassador stated that during the period of May 30 to July 10 the Israel–Jordan Mixed Armistice Commission adopted nine resolutions condemning Jordan of twelve breaches of the Armistice Agreement, most of them involving loss of life. In addition, Israel has ten outstanding complaints awaiting consideration by the MAC, including the recent killing of five Israeli watchmen near Elath. The Ambassador felt that the cumulative effect of these statements and actions is very serious and he hoped the US could find it possible to request greater moderation in Arab attitudes toward Israel.

Mr. Byroade replied that he would have this matter gone into and that he wished something could be done to help families along the border who are separated from their lands. The Ambassador said that agreements had been worked out which involved the drawing of new boundary lines and exchanges of lands which would permit families to be reunited and which would in general benefit both Jordan and Israel. However, the Jordan Parliament had declined to ratify the agreement, and so the matter remained. It might be possible, he continued, for the agreements to be returned to the MAC level for minor changes which might possibly be more acceptable to Jordan, but there seemed to be an inability on the part of the Jordanians to complete agreements with Israel even when the agreements are in Jordan's best interests.

2. *Suez Canal*: Ambassador Eban said that the Israel government will present a note in Washington, London, and Paris on July 28 suggesting concerted action to secure the implementation of the Security Council resolution of September 1, 1951. The Ambassador stated that this is the first instance of a breach of the Israel-Egyptian Armistice being confirmed by the United Nations and remaining uncorrected, with the result that the Egyptian-Israel Armistice

Agreement is not operating fully. He pointed out that failure to implement the resolution is costing Israel great sums of money since Israel now must bring oil from Venezuela at approximately twice the cost of oil located nearer and Israel is unable to take advantage of cheap imports from Africa and Asia, including Japan, with which Israel has just established diplomatic relations. Israel feels that the maritime powers have been maneuvered into unwilling submission to the Egyptian regulations.

Mr. Byroade replied that he understood fully the Ambassador's feelings on this subject and he felt sure that the Ambassador was aware of ours. However, he pointed out that there appears to be no present possibility of diverting Egyptian attention from the Anglo-Egyptian problem which, when he was recently in Cairo, occupied so much of the time of the Egyptians that he was hardly able to get beyond it.

3. *Representation of the Middle East in the Security Council:* Ambassador Eban said that the Middle East traditionally has a member on the Security Council and that Israel believes Iran should be the next Middle East member rather than Lebanon. Israel has promised Iran full support and he hoped that the US would be able to support Iran's candidacy. He believed that Iran is better qualified for regional defense and that Iran, having good relations with all parts of the region, is better qualified to represent the area than Lebanon, which has good relations with only limited parts of the region.

Mr. Byroade replied that the question of our support is under consideration but our policy is not to decide finally until just prior to the meeting which will vote on the matter. He said he would bear in mind the views of the Israel government as expressed by the Ambassador.

4. *Jerusalem:* The Ambassador inquired whether in view of the *aide-mémoire* left at the Israel Foreign Office July 9 [1] the United States considers that the General Assembly should attempt to solve the problem of religious interests in Jerusalem at its next session and whether the US believes there is a prospect of a satisfactory solution of this problem acceptable to Israel and Jordan. He also inquired whether the position of the US remains the same as embodied in the resolution sponsored by the US at the GA in 1950. The Ambassador gave as his opinion that there does not appear to be much virtue in throwing the Jerusalem question into the UN unless Jordan, Israel and enough others can agree on a workable solution and enough support can be obtained to assure its passage.

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[1] See Documents 455 and 456.

Otherwise, in raising the question the result would be "lots of sound and fury" and nothing more.

Mr. Byroade told the Ambassador that he had not been informed of the latest thinking in the Department on the subject but that he was certain the Department does not have a resolution to introduce. He said that there are UN resolutions on the books and he believed it advisable to devise a workable solution, if possible.

Ambassador Eban said that he understood that US support for the resolution two years ago (not passed) was fully compatible with Israel's having its Foreign Office in Jerusalem. Mr. Byroade said that the announcement of plans to move the Foreign Ministry to Jerusalem was most unfortunate since it gave the Arabs an issue which they picked up with great glee and are making the most of it. The Arabs apparently feel that if the new city of Jerusalem should become Israel's capital it would be only a question of time before the whole city would be included in Jerusalem's orbit. He realized that this approach was largely emotional but it was nevertheless real and had to be taken into consideration. The over-all result is that it is not in our interests for Israel to move its Foreign Office at the present time. Ambassador Eban quickly replied that Israel has no interest in Arab Jerusalem even though some Jewish Holy Places are located there. Israel believes that if a UN supervisor of the Holy Places should be set up it would be in the interest of both Israel and Jordan, since Israel has Holy Places on the Arab side and the Arabs would no doubt find interest in certain Holy Places on the Jewish side.

Ambassador Eban said that if the US should decide to raise the Jerusalem question in the next GA or if the US decides to support some other country that might desire to raise the question, Israel would be glad to cooperate in order to work out a solution. Mr. Byroade thanked the Ambassador for this offer and said it would be kept in mind.

No. 460

884A.00 TA/7-2552: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET NIACT TEL AVIV, July 25, 1952—7 p. m.

142. For Byroade. After discussion with Mikesell, Fryer, and McDaniel, and in view seriousness present Israel fin situation, I have made appointment with PriMin as only one in position influence Cabinet. Shall be accompanied by Mikesell and we shall en-

deavor accomplish following: (1) Impress BG with importance of immed consideration by Cabinet of fon currency budget; (2) enlist if possible his support for adoption of and adherence to realistic budget; (3) ensure that gravity present situation is appreciated at Cabinet level; (4) explain delay in Mikesell interim report which FonMin requested be expedited (see Embtel 102) [1] has resulted because of difficulties encountered by IG in providing essential data complete fin picture.

Dept is assured that no info re content or recommendation interim report will be divulged to PriMin or anyone else prior arrival in Wash of Mikesell's interim report for official consideration there. Effort will be made to convince PriMin to support view that it is in Israel's best interests that solution to present difficulty shld be one that will avoid recurrence of periodic financial crises.

DAVIS

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[1] Not printed.

No. 461

884A.00 TA/7-2552: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET NIACT TEL AVIV, July 25, 1952—7 p. m.

143. For Byroade. Fol agreed position result joint consultations among Amb, Fryer, Mikesell and McDaniel:

It is apparent from data thus far obtained Israel facing serious financial crisis which cld have most severe econ and polit repercussions. Present conditions are result complete disregard elemental financial principles and failure to establish system accounting controls.

We are convinced it wld be no kindness to Israel to accede to pressures to grant Israel request for emergency assistance. It is apparent from findings here that any assistance to Israel must be given only as part of coordinated program. Details of program to prevent recurring financial crises and further deterioration of financial position embodied in Mikesell interim report, including commitments in writing believed necessary from Israel Govt as condition for emergency financial assistance. Without such conditions financial assistance wld merely delay and increase severity inevitable insolvency, and wld defeat within Israel Govt and Amer Jewry working for financial reform. Owing to background of recurrent crises, we believe the financial burden of any solution in which US participates shld be shared by leaders of Amer Jewry and the creditors themselves.

In order assure effective implementation of agreements, it is imperative that TCA mission be supplied with one top-level financial expert, one general economist and a junior economist. Pending arrival these permanent staff additions, urge immediate temporary assignment of top-flight economist experienced in balance payments problems for arrival within ten days.

Fryer proposes return Washington earliest transportation, and Mikesell plans depart with interim report middle next week. Mikesell is having extreme difficulty obtaining essential data from Israelis on short-term debt position and foreign exchange budget. He has been promised basic info necessary for interim report by Saturday [1] and he expects to have interim report completed early next week.

Davis

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[1] July 26.

No. 462

884A.00 TA/7-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY TEL AVIV, July 27, 1952—4 p. m.

147. For Byroade. In response points Embtel 142, [1] PriMin stated he is convinced necessity avoid increase short-term borrowing and balance budget. He recognizes this means sharp curtailment imports; says they will be limited "if possible" to essential food and other items (such as POL and certain raw materials) needed to increase production. He agreed means avoid periodic crises shld be sought, saying IG progress toward econ independence wld necessarily be slow but he determined work toward that goal. As to immigration question, he indicated that while doors wld remain open to Jewish people in trouble, present low rate immigration affords opportunity to consolidate econ position.

PriMin expressed gratification over presence Mikesell in Israel, saying that quite aside from usefulness his report he had been instrumental in expediting assembly of data urgently needed by IG. He was extremely interested in how soon interim report cld be completed, and was assured Dr. Mikesell wld complete very soon after all essential data had become available.

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[1] Document 460.

Others present at interview were Kollek, Avriel and Gass. Emb comment follows.

Davis

No. 463

884A.00 TA/7-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY TEL AVIV, July 27, 1952—4 p. m.

148. For Byroade. Mytel 147,[1] re interview BG. Altho PriMin cordial in his reception our comment, it is too soon judge whether he and colleagues really fully appreciate gravity econ situation, or whether BG yet realizes full implications his assurances in terms domestic polit disadvantage. Most optimistic assumption is that we shld be prepared for intensified pressure release funds unconditionally to meet emergency. This seemingly borne out by fact that shortly after our mtg Emb was informed Eban had telephoned PriMin US Govt ready make available 20 million next week from grant aid funds provided Mikesell report so recommends.

Because of importance attached to Mikesell visit and report, believe must be joined on question present emergency aid. If pressures result in unconditional release funds, chances of effective coop and reforms will be prejudiced for long time to come.

Recalling our conversation while you were here, I believe time has come to enlist coop Amer, Jewish leaders to forestall harmful effect of pressure tactics on high level which may achieve immed short-run objective to detriment our fon policies as well as best interests Israel itself. Certainly it wld be unfortunate have present crisis assume old familiar pattern of State Dept versus lobby. Emb has knowledge that many thoughtful leaders both here and in US are deeply concerned over deterioration situation and wld be ready cooperate in constructive plan sound reforms. Several have expressed conviction however no such reform feasible or likely without friendly but firm US leadership.

Davis

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[1] *Supra.*

No. 464

774.00/7-3152

Memorandum of Conversation, by the Officer in Charge of Eygpt and Anglo-Egyptian Sudan Affairs (Stabler)

SECRET [WASHINGTON,] July 31, 1952.

Subject: Israel Views on Egyptian Situation

Participants: Mr. Abba Eban, Ambassador of Israel
Mr. Eliashiv Ben-Horin, First Secretary of the Embassy
NE—Mr. Hart
NE—Mr. Stabler

Mr. Eban called on Mr. Hart on July 31 at the former's request. Mr. Eban said that he and his government had been giving considerable thought to recent developments in Egypt and desired to exchange views with the Department. He mentioned that Mr. Sharrett and Ambassador Davis had had a conversation in Tel Aviv on this subject which is of great interest to the Israeli Government.

Mr. Eban said that it was his government's view that it was too early yet to tell in what direction Egypt was headed, but that it seemed useful to exchange views with the Department at this stage in the hope of evolving some ideas. The loss of King Farouk was not necessarily a disturbing factor from Israel's point of view since Israel believed that Farouk had adopted an intransigent attitude toward Israel and that he had in fact instructed his diplomatic representatives not to think in terms of Egyptian-Israel peace. On the other hand, the constant reference to General Naguib as a "hero in the Palestine war" and continued discussion regarding Palestine War arms scandal as the reason for Egypt's defeat were disturbing. According to Israel officers they had no recollection of Naguib and he had not in any way stood out during the Palestine affair. The Israel Government was concerned that continued references to the Palestine "War" might revive aggressive ideology among Egyptian officers.

The Israel Government was also concerned by the growth of military dictatorships in the countries which surround Israel, since with the decline of civilian thinking, military thinking would prevail and in the case of Syria, there was little evidence that the Syrian regime wished to come to terms with Israel. Mr. Eban alluded to the fact that the United States had urged Israel to be more forthcoming in connection with Shishikli and said that while Israel was endeavoring to respond to these suggestions, there was no evidence of a similar attitude on the part of the Syrians. Mr. Eban emphasized that Israel's obsession with its security was being magnified by the accession to power in neighboring countries of military leaders.

Mr. Eban continued that Israel representatives, notably Messrs. Sassoon and Divon, had sent a number of reports from Europe where they had been in touch with certain leading members of the Wafd. These contacts had taken place both before and just after the coup although Israel was now uninformed since the principal figures had returned to Egypt. Israel representatives in Europe had reported their impression that the Wafd leaders were not adverse to settlement between Egypt and Israel on the basis of there being no real disagreement between Egypt and Israel and the desirability of liquidating unnecessary Egyptian commitments. Mr. Eban pointed to the fact that the bulk of Egypt's Army is based on the Gaza strip and serves no useful purpose. Mr. Eban admitted that it was difficult to tell whether the contacts between the Israel representatives and the Wafd leaders were sincere or whether they were simply light oriental platitudes of individuals who had no governmental responsibility. Nevertheless, he thought that these straws in the wind were sufficiently significant not to be disregarded.

Mr. Eban then brought himself to the main point of the discussion. He said that Israel hoped that the new regime in Egypt might offer a way for Egyptian-Israel peace. He hoped that the United States would find it possible to make clear to General Naguib that the United States favored such a peace and that it would be in Egypt's interest as well as in the interest of stability in the Middle East for peace to be concluded. Mr. Eban remarked that Ambassador Caffery enjoys a position of highest respect and confidence in Egypt and that he has an extraordinary influence on Egyptians of all political parties. Mr. Eban believed that with this position Ambassador Caffery is in an excellent position to counsel the new regime with respect to peace with Israel. He recognized that there were certain difficulties involved in this. At the same time he made it very clear that his government did not accept as valid any contention that the Anglo-Egyptian problem should necessarily have priority over this other important issue of achieving peace between Egypt and Israel. Mr. Eban also made clear that the note of July 28 on the Suez Canal restrictions was not related to recent developments and that the decision to present the note to the US, UK and France had been made several weeks ago. He said that should the Suez Canal restrictions question be settled, this in itself would only mean that the armistice agreement between Israel and Egypt would function as it should. It did not necessarily mean that peace had been achieved and it was the broader aspect of this question that Israel was interested in at this time.

The Department's representatives agreed that it was too early yet to tell what the ultimate aims of the new movement in Egypt would be. There were certain encouraging signs but at the same time there was a sufficient number of question marks to leave one in doubt. The Department's representatives noted that to date neither Naguib nor Ali Maher had made any public references to the Israel question and as a matter of fact their attitude on external questions was restrained. It was pointed out that Israel's concern regarding reference to Naguib as a hero in the Palestine War should not color their attitude since irrespective of how the Israelis felt about the Palestine conflict, the Egyptians viewed it in a somewhat different light. With regard to a military dictatorship, the Department's representatives pointed out the US did not approve of the violent overthrow of legally constituted governments and that we would give no indication that we approved this type of activity as a national policy. At the same time it must be admitted that leadership is required in some of these Near Eastern states and that if stability could be restored to the Egyptian Government and graft and corruption eliminated this would be all for the good. The Department did not know how far the military would go with respect to reinstituting regular processes of government but it had been encouraged by the orderly way in which this whole coup had developed.

The Department's representatives emphasized that the US Government continued to hope that a way could be found to settle the Arab-Israel question and that as an issue affecting the stability in the Middle East, the Israel question was high on the list. We desired to see a settlement reached between Egypt and Israel and would use any appropriate opening to further this end; but we could not tell at this moment whether an opportunity would be forthcoming at Cairo. While the Anglo-Egyptian problem might not have priority over the Israel question, it must be said that the Egyptians appeared to be more anxious to see a solution to the former than to the latter. The Department's representatives said that it might be difficult for the US alone to approach the new Egyptian regime regarding a settlement with Israel when and if the time seemed appropriate to do so. The fact that the US was so closely associated in the Arab eyes on the side of Israel made us suspect in dealing with questions affecting Israel. As a purely informal proposition which had not been discussed with anyone else in the Department, Mr. Stabler said that there might be some utility, if and when the time were appropriate, in an informal *démarche* to the Egyptian Government by the signatories of the tripartite declaration. This *démarche* could be made within the framework of the concern of these three powers for the security and stability of the

Near East. It was emphasized that this was purely a personal suggestion and had no status. Mr. Eban said he thought the idea might have merit but he wondered whether the UK would be willing to involve itself in this question when it was already a party to another dispute. The Department's representatives emphasized that the situation would have to become a great deal more clear before thought could be given to the matter raised by Mr. Eban but that he could be assured that the US Government still had as its policy peace between the Arab States and Israel. It was agreed that we would keep in touch with the Israel Government concerning this question.

During the course of the conversation the Department's representatives mentioned that some concern had been felt by Egyptian military authorities in Gaza over Israel military maneuvers in that area. Mr. Eban said that his government had issued a public statement to the effect that Israel fully respected the Egypt–Israel Armistice agreement which still governed relationship between those two countries. It was the hope of the Government that Egypt would issue a similar statement.

No. 465

974.5301/7–3152: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

CONFIDENTIAL WASHINGTON, July 31, 1952—5:19 p. m.

707. Dept has informed Brit and Fr Embs receipt Israeli note dated July 28 [2] which urges US secure Egypt compliance SC Res Sep 1, 1951 on Suez restrictions and states Israel wld welcome indication from US re means which we propose adopt ensure free passage Canal. Dept suggesting that US UK and Fr replies shld be coordinated in Wash. Dept also indicated that its thinking re Israeli note still along lines views set forth Deptel 443, May 22 to NY.

ACHESON

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[1] Repeated to Paris, New York, Cairo, and Tel Aviv.

[2] Not printed, but see the circular airgram, Document 481.

No. 466

683.84A/8-152: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL TEL AVIV, August 1, 1952—5 p. m.

191. Embtel 105. [2] In past Israel's apathy toward vital matter of exerting itself to utmost to improve relations with Arab neighbors has frequently been subject comment as in Embtel 627, Dec 27. [3] There is now however some evidence improvement in this respect at high level, as for example Israel's willingness participate mtg with Syrian rep (last para Embtel 1221 May 20). Within past few days FonMin reaffirmed Israel's readiness meet Syrians on any level. In view time lag, unfortunate publicity and developments reported Damascus desp 16, July 7, [4] Emb feels chances now slight for any real progress from such mtg, but nevertheless continues encourage Israel attendance.

Most recent example Sharett's heightened interest in possibilities improving Arab-Israel relations is his reaction recent happenings Egypt. Altho immed response Israel press was usual invidious comparison instability Arab govts with stability Israel, FonMin's chief interest was to take advantage any opportunity for *rapprochement* with new Egypt regime. He speculated that with abdication one important obstacle to peace, viz. wounded pride of Farouk, has been removed, and that influence some "non-Egyptian" elements in palace antagonistic to peace, as well as Arab League may have been weakened.

FonMin referred to press statement issued by FonMin which was brief and to effect that GOI considered recent events in Egypt as internal matter, and altho wld remain watchful, GOI determined maintain stability armistice lines, adhere Israel–Egypt armistice terms and avoid any action which might be interpreted as interference Egypt affairs. Sharett explained above release was intended to have conciliatory tone and counteract any statements by "hot heads" in Israel. (Had ref to former extremists now members Herut party.) He took as possible hopeful sign what he termed the very restrained tone of Naguib's refs to Israel thus far.

Sharett indicated Israel Govt has indirect means contact certain Egypt politicians including some in Wafd, who he felt may be thinking of possible advantages liquidate quarrel with Israel, and hence might be disposed regard matter as bilateral polit question rather than Arab League affair. Shiloah, who was present at mtg, added that any settlement with Egypt cld mean material econ advantage both countries since an important part of Israel's hard currency procurement cld be transferred to Egypt.

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[1] Repeated to London, Paris, Ankara, Beirut, Damascus, Amman, Baghdad, Cairo, and Jerusalem; sent by pouch to Jidda.

[2] Document 458.

[3] For text, see *Foreign Relations*, 1951, vol. v, p. 1332.

[4] Not printed.

DAVIS

No. 467

783A.00/7-3052: Telegram

The Acting Secretary of State to the Legation in Lebanon

SECRET WASHINGTON, August 6, 1952—6:24 p. m.

229. Dept fully approves emphatic position you took with Tamer and Tweini re US support projected coup as well as position given last para Legtel 192 July 30. Obviously US cannot in any way abet such plans, despite repugnant practices Khouri regime and need for breath of fresh polit air in Leb. Moreover, highly doubtful that US objectives and Leb welfare cld profit by change govt thru violence, particularly in view deep ideological and personal cleavages among Leb conspirators. Ref Depagm A–5 July 8.[1]

Dept however believes these serious events present opportunity impress Pres again with urgent need for reform. In your discretion therefore you may wish approach Pres Khouri again, possibly in coordination with Brit and Fr Mins, and have candid, forceful talk with him along fol lines:

1. Example events in Egypt is not lost to discontented elements Leb populace. Whereas Pres may now have firm control of Leb security forces and opposition is divided, further procrastination on reform can only alienate moderates, bring opposition together and convince people that desperate measures are sole course available for change. Leb Commies await this development.
2. Pres is well aware that periodic, short-lived concessions to responsible opposition no longer delude anyone. What is needed now is implementation of genuine, broad-based reform within polit and soc fields, not simply a few expedients which leave substance unchanged and then vanish when voices have quieted.
3. While making these reps US is in no sense trying to intervene in Leb internal affairs. This is counsel from friend whose only interest is to see Leb attain natl heritage in orderly progressive manner which cld set ideal for region.

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[1] Not printed.

Meanwhile you shld continue emphasizing to opposition members that violence instead of orderly responsible change will do both themselves and Leb nation damage.

BRUCE

No. 468

784A.02/8-1152: Telegram

The Ambassador in Israel (Davis) to the Department of State

CONFIDENTIAL TEL AVIV, August 11, 1952—5 p. m.

230. Embtel 45.[1] FonMin told me late Friday he would reply orally to Emb *aide-mémoire* re proposed FonOff move to Jerusalem since IG is not planning make reply in writing. He alluded to fact USG only one to make written representation and commented on note as follows: He made point intention move Ministry FonAff did not represent new decision, and covered in some detail steps that had been taken to concentrate Knesset and various Ministries in Jerusalem. He doubted whether there would be any serious advantage in bringing up question again before UN, and did not see how our opposition to move followed logically our proposition that UN be afforded further opportunity act on question. As to Arabs, he expressed opinion their opposition foregone conclusion whenever Israel should act in matter.

It was apparent from his discourse that IG has no intention of receding from position taken; he stated in fact Ministry had been under pressure to move for practical reasons, and if it came to choosing between having to be separated indefinitely from remainder of IG or from missions of fon govts, he feels latter would have to be choice. He concluded by saying he expected Ministry to move when quarters for offices and staff are ready, which should be about May, 1953.

Emb comments: The above reaction is not surprising since it is typical of highly subjective attitude encountered whenever leaders feel they have been crossed in matters affecting their polit position at home or abroad. FonMin had already been informed of contests Depcirtel 67[1] and I made no attempt discuss publicity further or review details of question. I saw no reason nevertheless to leave any impression of tacit agreement on my part, and therefore expressed view that Israel Govt's announcement had affected all govts represented here, many of which including US were on record as supporting UN res in principle, and that important change in policy on part of such countries wld be necessary before there cld be any consideration of moving missions. I concluded by saying it was my personal opinion that unilateral action taken by Israel in this case had been unfortunate.

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[1] Not printed, but see footnote 2, Document 456.

DAVIS

No. 469

884A.10/8-1252

The Israeli Ambassador (Eban) to the Secretary of State [1]

AE/315 WASHINGTON, August 12, 1952.

The Ambassador of Israel presents his compliments to the Honorable the Secretary of State and has the honor to refer to the Notes exchanged between the two governments on April 30 [2] and May 1, 1952 [3] concerning the utilisation by Israel of funds available under the United States Mutual Security Act of 1951.

2. In paragraph 4 of his Note of April 30, 1952 the Secretary of State announced his decision to despatch a representative to Israel for the purpose of surveying the current financial and economic problems of the country. In reply, the Ambassador of Israel conveyed his Government's willingness to receive such a representative and to provide the fullest available information on its foreign exchange income and expenditures, its internal budgets and fiscal procedures. The Government of Israel further agreed to make such information available for the duration of United States economic assistance to Israel.

3. During the month of July 1952, Dr. Mikesell, the representative of the United States appointed pursuant to the Secretary of State's Note of April 30, 1952, carried out a rapid survey in Israel of the country's short-term debt position on the basis of information made available by the Government of Israel. The Government of Israel drew attention to urgent obligations which would arise for payment from the first week of August 1952 onward. It also conveyed its view that even after fulfillment of these immediate obligations, periodic emergencies would inevitably occur unless Israel was assisted to refinance the major portion of its short-term dollar

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[1] A covering letter (No. AE/310, not printed) was dated Aug. 11.

[2] Neither printed.

[3] For the agreement for emergency assistance effected by exchange of notes at Washington dated May 1, which entered into force May 1, see 3 UST (pt. 3) 4266.

indebtedness, amounting to approximately $115,000,000 for the twelve months' period beginning July 1, 1952.

4. In the course of examining its financial problems in recent months, both before and during Dr. Mikesell's mission, the Government of Israel became aware of the need to institute substantial revisions in its economic and fiscal policies, as well as in some of its administrative procedures. Early in 1952, the Prime Minister announced a series of economic reforms, calculated to combat inflation and to restore financial equilibrium. This policy, which involved an intensification of austerity programs and a stricter control of all foreign currency expenditures, has borne marked results; yet it cannot, in the nature of things, have yielded its full effect within so brief a time. At this stage, the Government of Israel has decided to adopt further detailed measures to promote financial recovery and to avoid recurring threats to its financial structure. In accordance with paragraph 8 of his Note of May 1, 1952, the Ambassador of Israel, on instruction from his Government, herewith conveys to the Government of the United States the following information on the new steps which will be taken with this aim in view.

5. The Government of Israel is now in the course of preparing a foreign exchange budget for the twelve months' period beginning July 1, 1952. Every effort will be made to have this budget ready by September 15, 1952. The foreign exchange budget will constitute a working basis for Israel's foreign currency operations throughout the year, and will accordingly be drawn up along the following lines:

(a) No part of Israel's revenues either for current or development purposes during the twelve months beginning July 1952 shall be derived from a net increase in short- and intermediate indebtedness. On the contrary, it will be Government policy to attain the maximum net reduction of outstanding short-term debts by repaying such amount of short-term debts as may be feasible and refunding as much as possible into long-term obligations.

(b) Non-transferable or tied income items will be matched against appropriate specific items of expenditure. Cash expenditures and debt service will be off-set only against cash income.

(c) Due consideration will be given to all outstanding obligations.

Within the twelve months' period, the principles described in (a) and (b) will be modified only when there are seasonal fluctuations in income and expenditure. It will be the policy of the Government of Israel to regulate its expenditures within the limits of this foreign exchange budget.

6. Since the assistance extended by the United States under the Mutual Security Act of 1951 and 1952 constitutes an important ele-

ment in Israel's foreign exchange income, the Government of Israel intends to make its detailed foreign exchange budget available to the representatives of the United States Mission in Israel. In order to facilitate effective co-operation in the use of such assistance between the Government of Israel and the representatives of the United States Mission in Israel, the Government of Israel intends to follow the procedure of regular consultations with that mission which would enable stock to be taken periodically of Israel's financial position.

7. The Ministry of Finance will keep records showing all incomes, expenditures, commitments, new credits or borrowings, imports and services carried out or authorized, external and internal cash positions and cash balances in all currencies. Figures for each month will be analysed in relation to all sections of the Israel budget, with special reference to the foreign exchange components thereof.

8. The Government of Israel intends to establish concurrently with the preparation of the foreign exchange budget, a special Governmental Organ endowed with full authority to make all allocations of foreign currency, including the granting of permission to make foreign exchange commitments against foreign exchange income. The Government is resolved to take all measures to ensure that all foreign exchange committments will be kept strictly within the limits of its foreign exchange income. As soon as possible, a system of accounting will be instituted under this Organ which will reveal the current and prospective foreign exchange position of the country weekly or monthly according to the nature of the item.

9. It is the intention of the Government of Israel to centralize all import programming including the screening as to order of priority of requirements submitted by various ministries.

10. The Government of Israel adheres to the view presented by the Minister for Foreign Affairs and the Ambassador of Israel to the Secretary of State on June 19, 1952, that any fundamental stabilization of its financial position will be impossible, unless longer periods of maturity can be obtained for its indebtedness, the impact of which is especially heavy for the twelve months' period beginning July 1952. The Government of Israel, for its part, will make every effort to negotiate arrangements with its creditors whereby short-term debts might be extended and spread over a longer period of years, provided that Israel's credit standing with pertinent creditors would not thereby be impaired to the extent of making it impossible for the State to supply the population with the most basic necessities. Meanwhile, the Government of Israel will not divert current income to net debt retirement at a rate

which will make it impossible for Israel to cover her essential import needs.

11. The Government of Israel fully recognizes that the reforms necessary to achieve a balanced foreign exchange budget will require increased sacrifices on the part of its people and it is prepared to make such sacrifices. The Government is confident that the new measures which it has decided to adopt, and especially those enumerated above, will help the country to advance, through arduous efforts and heavy sacrifices, toward a balanced economy in a manner worthy of the democratic principles and social ideals which Israel strives to exemplify, and conducive to the continuation of internal stability which it has so far been able to maintain, in a troubled and unstable area. While the difficulties which these measures are designed to overcome are admittedly acute, they do not constitute the sole or main element of Israel's economic situation. These difficulties, in part, arise from a process of dynamic growth, at a rate scarcely precedented in the history of nations. In sharing a frank discussion of these difficulties with the Government of the United States, Israel is moved by a sense of profound appreciation of the assistance which the Government and people of the United States are rendering to it in the critical and formative period of its early development.[4]

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[4] Acknowledged by the Department of State in a note of Aug. 28, not printed. (884A.10/8-1252)

No. 470

783A.00/8-1952: Telegram

The Minister in Lebanon (Minor) to the Department of State

SECRET BEIRUT, August 19, 1952—5 p. m.

320. In long conversation today with Pres El Khoury, I gave him verbally rather close translation in French of ideas expressed Deptel 229, August 6. I began by saying this conversation was continuation of previous friendly and personal exchanges, and stressed we have no intention interfere in Leb affairs. Pres accepted this wholeheartedly and listened intently. When I finished, he thanked me and said he has not been idle in matter of reform. He then took out dossier and said he wld reveal to me broad outlines his program. He prefaced his statement by saying he refused to be pushed into unconstitutional measures and that his program is therefore strictly within legal limits. He proposes ask Chamber delegate to

govt for six months' power to issue decree laws along lines fol broad program:

(a) Polit and admin:

(1) Revision of municipal election law;
(2) Revision general election laws, including changes of circumscriptions;
(3) Dismissal of unnecessary and inefficient govt employees;
(4) Certain reforms in judiciary;
(5) Reforms in security forces;
(6) Decentralization of govt;
(7) Other general admin reforms.

(b) Economic and social:

(1) Naming of Supreme Econ Council with own budget and wide autonomy, composed of capable persons inside and outside govt to develop econ program;
(2) A system of free medical attention;
(3) Study of program of development of electricity and water supply;
(4) Control of imports to avoid scandals;
(5) Govt to prepare and announce budget at once.

Pres read rapidly in French and I am sorry I cld not take notes and cld not possibly remember all points involved. When he had finished I said I thought in broad lines he had many good ideas, but I noticed no mention was made of taxation or land reform. To this he replied that these are not proper subjects for decree laws. I said that unfortunately many people believe that Leb is badly in need of better tax distribution and of land reform so that there might be a letdown when these things are not mentioned. To get around this point he made written notes to insert in instr to the Superior Econ Council a directive to study and come up with recommendations on these points.

Pres then said I had come precisely at moment when he was trying to decide on one of two courses of action:

(1) To submit this program to Solh govt tomorrow and take chances on its becoming confused with polit situation and bogged down, or
(2) To wait formation new govt and take chances involved in delay. He asked my advice and I said there was danger on both sides, but that I felt essential thing is immed action, especially since program will be continuing one and can be carried on by new govt.

As to govt, he said, Solh govt cannot last long and will have to face an extraordinary session to Chamber about Sept 1. He envisages govt headed by Saleam and including capable figures inside and outside govt. He is inclined not to include opposition since he is much hurt by their vicious and personal attacks on him at last Sunday's mtg. He is sending his bad boy son, Khalil, out of the country for an extended trip about Sept 1 which shld have a good effect. Pres was touched by our encouragement at a time when he much needs it. I don't know whether he will carry through, but I am convinced this is the way to tackle the problem, i.e. to encourage legally constituted govts to carry out broad social and econ reforms, thus mtg legitimate desires of the masses of the people for better govt and for recognition of their basic rights. I sometimes worry for fear we are repeating the mistakes of history in supporting corrupt regimes and the *status quo*. This is always a risk but it can be overcome by letting it be known constantly and positively where we stand and for what we stand. It requires a capable tightrope walker these days to maintain the proper balance, on the one hand of supporting legally-constituted govts, and on the other of not discouraging progressive forces.

Before speaking to Pres, I consulted my Brit colleague who showed me long despatch to FonOff which agrees very much with our own ideas. Brit Min has spoken to Pres and PriMin of need for early reform. I did not consult French colleague since, frankly I don't know quite where we stand with French. It is common rumor that they undercut us. It seems evident, too, that their objectives and ours are not the same. Also, there is evidence that the govt is annoyed with French actions here under the new Minister. Lest it be thought there is friction, I hasten to say that French-Amer surface relations here are excellent.

MINOR

No. 471

674.84A/8-2052: Telegram

The Acting Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, August 20, 1952—8:02 p. m.

368. Press Aug 19 reports conciliatory speech Knesset by Israel PriMin Aug 18 re Israel's desire reach understanding and coop with Egypt. [2] Speech appears in line with previously expressed

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[1] Repeated to London and Tel Aviv.

[2] Tel Aviv reported on Ben-Gurion's speech of Aug. 18 in part as follows:

"PriMin Ben-Gurion stated in Knesset yesterday there are no grounds for quarrels between Egypt and Israel and no basis for territorial, polit or econ disputes between two countries. 'We have no enmity against Egypt for what was done to our ancestors in the time of Pharoah and not even for what was done four years ago', he

Continued

Israel view (Eban-Hart memo conv, July 31)[3] that new Egypt regime might pres oppy for renewed efforts obtain peace settlement.

While we fully recognize extreme sensitivity new Egyptian regime, partic Neguib and mil grp, re Pal hostilities, we believe that you should in ur discretion remind PriMin informally of our contg hope Egypt and Israel can reach understanding. We consider such understanding in interest not only of Egypt but NE as whole. Peg on which you might hang such informal statement to PriMin might be request for his reaction Ben Gurion's speech.

Bruce

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said. 'We have shown our goodwill to Egypt—because it never occurred to us to exploit her quarrel with a great power by attacking her and seeking revenge.' While cautioning no reason believe peace with Egypt was any nearer now than before Naguib's coup, he welcomed Naguib's reported statement that he and friends in army had opposed Egyptian invasion Israel which PriMin described as 'undoubtedly one of the most reckless and irresponsible blunders perpetrated by the Egypt rulers'. Added that 'this transition period in Egypt is full of possibilities, both favorable and unfavorable, and we must watch the situation vigilantly'." (Telegram 286 from Tel Aviv, Aug. 19, 4 p. m.; 641.84A/8-1952)

[3] Document 464.

No. 472

674.84A/8-2252: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, August 22, 1952—6 p. m.

304. Embtels 191,[2] 286[3] and last para 294.[4] FonMin Sharett told me today he wished give background info about PriMin's statement re Egypt and at same time advise me at early stage of action IG proposed take. He said he was sure USG would appreciate need

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[1] Repeated to Cairo, London, Paris, and Ankara.

[2] Document 466.

[3] Not printed, but see footnote 2, *supra*.

[4] Telegram 294 from Tel Aviv, Aug. 22, reported that Western news despatches concerning Ben-Gurion's speech of Aug. 18 were being closely watched in Israel. The last paragraph of the telegram included the following comment: "Emb has been informed by Fon Ministry latter has report as yet unconfirmed that Ali Maher's reaction to Ben-Gurion's statement gives reason hope Egyptian Govt has not closed door to possibility entertain proposals from I.G. Belief based on reported remark in press conference that Egyptian PriMin while recommending caution acceptance news reports of Ben-Gurion's speech as accurate, said no proposal had actually been received from Israel's PriMin. The fact that this rather negative statement is regarded here as a reason for optimism is a gauge of the eagerness with which the Israel Govt wld welcome any opportunity to improve relations with Egypt. Ben-Gurion continues to believe Egypt key to any progress toward liquidation Arab-Israeli dispute." (674.84A/8-2052)

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for preserving confidential character fol, which he said has not yet been conveyed other govts.

Sharett indicated direct appeal to Egypt marked new departure for Israel and action had been taken after careful consideration. He said he had advised PriMin to make public statement rather than act through any third govt as intermediary. FonMin stated Israel now proposes act promptly to test whether statement attributed Ali Maher may mean any readiness consider Israel–Egypt *rapprochement*. He remarked both he and PriMin had come to know Ali Maher personally through roundtable discussions proposed in 1939 which were attended by reps Egypt and several other Arab states, but which failed because of refusal Palestine Arabs take a part. Sharett mentioned that Jewish del was headed by Dr. Chaim Weizmann and included BG and himself.

Present plan is to transmit to IG Chargé in Paris, Shmuel Divon, Israel offer meet Egypt, leaving it to Chargé to determine whether contact will be made in Paris or Bern and whether such contact will be purely oral or confirmed by *aide-mémoire*. In any case substance Israel communication will be as fols: "The Govt of Israel proposes to the Govt of Egypt that a mtg be held to discuss the estab of peace between the two countries. While being ready negotiate an immed peace, the Govt of Israel would also be willing should this be preferable to the Egypt Govt to enter at this stage into prelim parleys for the purpose of exploring the possibility of a peace settlement or of paving the way thereto.

"It is desirable that the Govt of Egypt should communicate its reaction to this proposal as soon as possible. If the response is affirmative, the Govt of Israel would suggest that the mtg take place somewhere in Europe, leaving choice of place to the Egypt Govt. The Govt of Israel is convinced that this initiative is in the common interest of both countries, of the region as a whole and of the peace of the world."

Emb comment: Sharett was informed that above info was of definite interest and its confidential character would be duly safeguarded; that statements of PriMin and himself as well as public reaction thereto had been followed with great interest; that IG pronouncements on desirability improve Arab-Israel relations are constructive and that advocacy peace and stability in ME is worthwhile, whatever might be outcome of present initiative.

DAVIS

No. 473

674.84A/8-2552: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, August 25, 1952—6 p. m.

310. Embtel 304. [2] FonMin advises Israel Chargé Paris saw Egyptian Chargé there, gave him msg substantially as reported reftel and confirmed it in writing as requested by Egyptian.

Meanwhile FonMin spokesman was reported in press this a.m. as saying, altho no dipl steps yet taken re PriMins recent peace gesture toward Egypt, he thought such action "likely". FonMin advises public statement unfortunate and inadvertent. Explains spokesman has no knowledge of steps reported reftel re overtures to Egypt.

Emb was informed further that MAC mtg has been called for Tues Aug 26 at Egypt's request re recent patrol clash. While Egypt's calling such mtg is regarded as hopeful sign, source stated more significant fact is Egyptian senior MAC delegate has requested private mtg with Israel senior delegate 2 hours before MAC meets.

DAVIS

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[1] Repeated to Cairo, London, Paris, and Ankara.

[2] *Supra.*

No. 474

674.84A/8-2652: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET CAIRO, August 26, 1952—8 p. m.

479. PriMin told me (re Deptel 368, Aug 20) this eve that his program is in fol order:

1. To put the internal sit straight.
2. To negotiate for Middle East def.
3. To reach agrmt with Israel.

At this point I must remind Dept with emphasis that during the first winter after my arrival here under Sirry Govt I was able to persuade Sirry and the Palace to promise to try reach agrmt with

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[1] Repeated to London and Tel Aviv.

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Israel and that on two occasions leaks came out to Tel Aviv and the Egypts dropped the whole business like a very hot brick.

CAFFERY

No. 475

674.84A/8-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

TOP SECRET PRIORITY TEL AVIV, August 27, 1952—6 p. m.

320. In view proneness Israelis permit ill-advised leaks of kind referred to in Cairo's 479, [2] I propose speak to FonMin soon, expressing as my personal view that chance favorable outcome Israel initiative reported Embtel 304 [3] may have been prejudiced by publicity reported Embtel 310 [4] and any leaks re initiative actually taken wld be contemplated make favorable Egypt action impossible. [5]

DAVIS

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[1] Repeated to Cairo and London.

[2] *Supra.*

[3] Document 472.

[4] Document 473.

[5] The Department responded on Aug. 28 as follows:

"Dept fully approves ur speaking to FonMin along lines Embtel 320. You may wish in great confidence inform FonMin we have recently taken occasion remind Egypts US interest in achievement peace with Israel. However, it shld be emphasized that any proclivity towards 'crowing' by Israel wld be fatal to such small indications as now exist re favorable attitude Maher on this problem." (Telegram 214 to Tel Aviv, Aug. 28, 2:51 p. m.; 674.84A/8-2852)

No. 476

Editorial Note

The United States announced on August 27 the elevation of its Legations in Lebanon, Syria, and the Hashemite Kingdom of Jordan to the status of Embassies. (Department of State *Bulletin*, September 8, 1952, page 379)

No. 477

674.84A/8-3052: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, August 30, 1952—10 a. m.

343. Re last para Embtel 310. [2] Director US div Fon Ministry informs Emb that Egypt-Israel MAC mtg was held as scheduled, but since Egypt's delegate was other than person who requested prelim informal mtg, latter did not take place. Source reports, however, that IG is satisfied with results regular mtg, at which fol three subjects discussed:

First item was several hundred complaints, of which over ⅔ had been filed by Israel, whose rep proposed that both sides agree to "wipe out" all pending complaints. After some informal discussion senior Egypt delegate is reported to have agreed to submit proposal to his govt for consideration. Second item was further proposal from senior Israel delegate that future complaints be discussed informally between delegates without awaiting formal MAC mtgs. Third item concerned recent incidents between Israel fishermen and Egyptian patrols. Israelis proposed that IG endeavor ensure that fishing vessels respect 3 mile limit along coast Gaza strip and 6 mile limit off Egypt coast, and that Egypt in return restrain their patrols from firing on fishing vessels outside these limits. FonMin rep reports that senior Egypt delegate appeared receptive to latter two proposals, but again considered it necessary refer matters to higher auth for approval. [3]

DAVIS

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[1] Repeated to Cairo, London, Paris, Ankara, and Jerusalem.

[2] Document 473.

[3] In telegram 422 from Tel Aviv, Sept. 12, the Embassy stated that the Israeli Foreign Ministry reported that at the Egypt-Israel Mixed Armistice Commission meeting of Sept. 9, the Egyptian Delegate (1) accepted the Israeli proposal to wipe out all pending complaints; (2) agreed to extend until the end of September the "gentleman's agreement" on infiltration involving a mutual undertaking to refrain from opening or reducing fire and to consider complaints informally outside MAC meetings; and (3) confirmed the agreement on territorial waters described in telegram 343. (674.84A/9-1252)

No. 478

683.84A/9-452: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, September 4, 1952—6 p. m.

371. Deptel 214. [2] FonMin Sharett was gratified receive confidential info that US Govt had taken occasion express to Egypt our interest in achievement peace with Israel. He readily agreed that any ill-advised official statements or even press speculation might have unfortunate effect and should be avoided.

He added he wished to consult us re one aspect of matter which was embarrassing IG domestically and abroad, via statements made successively by Ali Maher and Naguib to effect no approach had been made by Israel following PriMin's statement before Knesset (Embtel 286). [3] He understands their reasons no doubt dictated by local and Arab polit considerations, but says statements give rise to local questioning and tendency abroad to believe Israel not sincerely seeking peace with neighbors.

As to first point, he was inclined to agree that key newspaper publishers here could be made to see point that matter of such delicacy could not be negotiated in public press and no good would come from putting govt on spot by asking it to state publicly whether steps taken. As to international aspect of question, he thought no action need to be taken immed and if Arabs should accuse Israel of insincerity, defense of IG position should not take form of taking issue with statements of Egypt's officials. He thought some other means of confirming Israel's genuine willingness to reach settlements with neighbors would have to be found, but in meantime he hoped something would come of approach to Egypt's reported Embtel 304. [4]

Apparently FonMin's intervention with press has had some effect since comment and speculation have lessened. INA despatch with London dateline however was published this a.m. to effect forthcoming Arab League meeting will be used as sounding board Egypt's attitude. If Egypt expresses interest in reaching accord with Israel, this may prompt other Arabs later to follow her lead; but if stand is taken against settlement, other states will no doubt propose intensified campaign to harm Israel in her present financial crisis.

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[1] Repeated to Cairo and London.

[2] Dated Aug. 28; see footnote 5, Document 475.

[3] Not printed, but see footnote 2, Document 471.

[4] Document 472.

DAVIS

No. 479

262A.84A41/9-652: Telegram

The Acting United States High Commissioner for Germany (Donnelly) to the Department of State

SECRET NIACT BONN, September 6, 1952—1 p. m.

1019. Chancellor sent word urgently this morning to tell us that Arab pressure against Israeli settlement is greatly increasing and is causing him serious difficulties here. Arab League States, headed apparently by Syria, are threatening to boycott FedRep, charging that Israel is still at war with them and deliveries and payments to Israel will increase latter's milit potential and thus constitute an unneutral act. Chief of Syrian polit Dept, who has been campaigning actively in Bonn against settlement, had addressed very sharp protest to Chancellor, adding that Arab League States are meeting in Cairo Sept 10 when decision to boycott FedRep will undoubtedly be taken.

This pressure is having its effect on some circles here, particularly those headed by Schaeffer who has long been opposed to settlement. Chancellor is nevertheless resolved to go ahead with it and the matter comes before Cabinet for decision Monday. Chancellor believes he can secure approval despite opposition but says his hand will be greatly strengthened if he could inform opposition that US is willing to use its good offices to try to abate Arab pressure and to endeavor to persuade at least some of Arab States to abandon their threats. He points out that settlement does not constitute direct subsidy to Israel but involves only reparation for Jewish property seized by Nazis and further that deliveries contain only 17-20 percent of hard goods. Chancellor recognizes difficulties which his request may create for US but has appealed urgently for assistance.

Any msg which may be sent us for him to use on Mon morning wld be most helpful. Pls instruct urgently.

DONNELLY

No. 480

262A.84A41/9-652: Telegram

The Secretary of State to the Office of the United States High Commissioner for Germany, at Bonn [1]

SECRET NIACT WASHINGTON, September 6, 1952—2:53 p. m.

1097. Re urtel 1019, Sept 6. You may authorize Chancellor to make statement to effect US is willing to use its good offices to try to abate Arab pressure and to endeavor to persuade at least some of the Arab states to abandon their threats. You may also wish to refer to specific instances in which Dept has taken this action in past. Re Deptel 359 to Damascus rptd Bonn 2015, Mar 12, and para 3 Deptel 109, Aug 22, [2] to Damascus being rptd priority Bonn. [3]

ACHESON

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[1] Repeated to Damascus.

[2] Telegram 109 to Damascus, Aug. 22, summarized a conversation at the Department between Assistant Secretary Byroade and the Syrian Chargé, who called to request U.S. support for Syrian membership on the U.N. Trusteeship Council. Paragraph 3 of the telegram concerned the German reparation question, to which the Chargé referred, requesting U.S. assistance in urging the Israelis to turn the funds over to the Arab refugees. Byroade stated that the Department had never involved itself in the Israeli-German negotiations, but that the Department had taken the position with German leaders that the German people owed reparations on moral grounds. Byroade further stated that the German people could not be expected to pay these German funds directly to the Arab refugees; the Department would support Israeli reparations to Arab refugees on moral grounds, and not because of any connection with German reparations to Israel. (783.00/8-1652)

[3] In circular telegram 325, Sept. 23, 10 a. m., sent to the Arab capitals, the Department referred to telegram 1097, and instructed Embassies to use any appropriate opportunity to implement the Department's position. To object to payment by Germany was to deny the principle of compensation, which was not in the interest of the Arab refugees. The Embassies were authorized to state that the United States was now in touch with the Israeli Government with respect to initiating the compensation program previously agreed to in principle by Israel. (262.84A41/9-2352)

No. 481

974.5301/9-852: Circular airgram

The Secretary of State to Certain Diplomatic Missions [1]

CONFIDENTIAL WASHINGTON, September 8, 1952—2:50 p. m.

On July 28, 1952, the United States received from the Israel Government a note [2] setting forth the views of Israel with respect to the implementation of the Security Council Resolution of September 1, 1951, calling upon the US Government to use its efforts to secure Egyptian compliance with that Resolution, and requesting "an indication . . . of the means which they propose to adopt to ensure free passage through the Suez Canal, in accordance with that Resolution".[3]

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[1] Also sent to The Hague, Ankara, Rome, Oslo, and Copenhagen, and repeated to Cairo, Tel Aviv, London, Paris, and New York.

[2] Not printed.

It is understood that similar notes were addressed by Israel to the U.K. and France.

On September 2 this Government replied to the Israel note as follows:

> "The Secretary of State presents his compliments to His Excellency the Ambassador of Israel and has the honor to acknowledge the receipt of His Excellency's note AE/184 of July 28, 1952 setting forth the views of the Government of Israel with respect to the implementation of the Security Council Resolution of September 1, 1951 calling upon Egypt 'to terminate restrictions on the passage of international commercial shipping and goods through the Suez Canal wherever bound, and to cease all interferences with such shipping'.
>
> "The United States Government has given careful consideration to the views of the Government of Israel and fully appreciates the difficult situation in which Israel finds itself as a result of the Egyptian restrictions. The United States Government desires to reiterate its firm belief in the principle that it is incumbent upon all members of the United Nations to respect and to comply with resolutions adopted by the United Nations.
>
> "As the Government of Israel is well aware, the United States Government attaches the greatest importance to the binding nature of the Armistice Agreements signed between Israel and the several Arab states. It is the belief of this Government that until such time as permanent peace can be achieved, full respect for the Armistice Agreements is essential to the maintenance of peace and stability in the Near East.
>
> "At the same time, the United States Government, which fully supports the principle of the free and unimpeded use of the Suez Canal as an international waterway, believes that the present moment is not opportune to raise with the Egyptian Government its failure to comply with the September 1, 1951 Security Council Resolution. The Israeli Government will no doubt share the view of the United States Government that since the objective to be sought is the lifting of the restrictions, it would be desirable to approach Egypt on this question at such time as the prospects are more favorable to the achievement of the objective.
>
> "The United States Government wishes to emphasize to the Government of Israel that it does not condone the attitude of Egypt in refusing to comply with the Security Council Resolution. The United States Government is in constant touch with the Governments of France and the United Kingdom and other interested governments with a view to determining the juncture at which it

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[3] Ellipsis in the source text.

might be possible to pursue this matter with the Egyptian Government."

It is understood that the British and French Governments will make similar replies to the Israel Government's note. In your discretion you may inform the government to which you are accredited of the nature of the reply of this Government to the Israel note.

ACHESON

No. 482

674.84A/9-852: Despatch

The Ambassador in Egypt (Caffery) to the Department of State

TOP SECRET CAIRO, September 8, 1952.

No. 405

Reference: Tel Aviv's telegram 371 to Dept., September 4, rptd Cairo 39, London 43; Emb. telegram 571 to Dept., September 5, rptd London 188, Tel Aviv 10. [1]

Subject: Israeli Efforts To Establish Peace Conversations With Egypt.

Apparently as one of his last acts as Prime Minister of Egypt or, as the final paragraph of his letter would appear to intimate, as an *ex post facto* clearing of his Foreign Office affairs, the recent Prime Minister, Aly Maher, has today sent me a note reporting the secret contacts established in Paris by the Israeli Legation seeking to ascertain the Egyptian position on possible peace negotiations with Israel.

Aly Maher enclosed the French text of telegrams from the Egyptian Embassy in Paris dated August 23 and September 3. Translations of these telegrams form enclosures 2 and 3 of this despatch, the first enclosure being a copy of Aly Maher's letter to me. [2]

Two salient points emerge from this correspondence: One, the statement of the former Prime Minister that,

> "Egypt feels it necessary, before starting any pourparlers, to know the present attitude of Israel towards the implementation of the resolutions of the United Nations."

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[1] In telegram 571 from Cairo, Sept. 5, Ambassador Caffery stated (in reiteration of his telegram 561, also Sept. 5, not printed) that the energies and attention of the leaders of Egypt's military coup were concentrated on domestic reform to the exclusion of international issues. Furthermore, although Prime Minister Ali Maher had indicated to him that peace with Israel was third on his list of priority items, Caffery was not sanguine as to the prospect of an affirmative Egyptian response to Israel. (774.00/9-552)

[2] Enclosures not printed.

and two, the rather sinister comment of the Israeli First Secretary in Paris that,

> "His Government would be obliged in the case of no reply to announce that it had already taken this initiative in view of the interest to which the question of peace with Israel gives rise in international public opinion, especially American and English."

This latter warning of publicity will serve to reaffirm the deep-seated Egyptian suspicion of the *bona fides* of Israeli motives in seeking peace with this country. Certainly nothing could be more calculated to defeat the purpose of the Israeli Prime Minister, if indeed Mr. Ben Gurion desires peace with Egypt, than once more to give publicity to an abortive *démarche*. Furthermore, as my reference telegram indicates, the energies and attention of the Egyptian Government and people are now centered wholly upon questions of domestic reform and for this reason alone the time is inopportune to press for settlement of Egypt's outstanding difficulties with Israel.

JEFFERSON CAFFERY

No. 483

320/9-1252: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, September 12, 1952—3 p. m.

411. Deptel 214, [2] Cairo Embtel 561 to Dept. [3] In view further change Egypt Govt's anti-Israel statement recently attributed to Naguib by Arab news agency despatch to effect he is critical US financial aid to this country Emb proposes continue counseling play down possibility *rapprochement* with Egypt for time being. In view Sharett's disposition discuss subj with me (see Embtel 371), [4] matter will no doubt be brought up again. He will be encouraged in this interval find other means of confirming Israel's readiness reach agreements with neighbors.

Now that Kollek in DirGen PriMin's office and Eban is expected shortly for visit (Embtel 400), [5] they will undoubtedly make useful

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[1] Repeated to London, Paris, Ankara, Amman, Baghdad, Beirut, Cairo, Damascus, and Jerusalem; sent by pouch to Jidda.

[2] See footnote 5, Document 475.

[3] Not printed, but see footnote 1, *supra*.

[4] Document 478.

[5] In telegram 400 from Tel Aviv, Sept. 10, the Embassy stated its understanding from the Foreign Ministry that the purpose of Eban's return to Israel the following

Continued

contribution as both are known to favor more positive efforts to create better atmosphere for improvement Arab-Israel relations. Over period of time program could be carried out step by step depending on results achieved. There is gen agreement that one of immed advantages of such program wld be that it wld prevent or at least reduce actions and pronouncements contemplated worsen Arab attitude toward settlement.

DAVIS

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week was for a briefing on the latest developments in the Middle East and for consultation concerning the forthcoming session of the U.N. General Assembly. (320/9-1052)

No. 484

783A.00/9-1252: Telegram

The Minister in Lebanon (Minor) to the Department of State

CONFIDENTIAL BEIRUT, September 12, 1952—3 p. m.

511. Totec. From Tannous. In view of mounting polit tension in Leb, current cabinet crisis and increasing difficulties we have been encountering in our Point IV program operations I deem it necessary to supply Dept with fol summary of situation:

(1) Indications of purposeful negative stand by GOL toward our program include: (a) delaying tactics by Council of Mins in signing present agreements, (b) refusal by Council of Mins consider distribution of 1953 program funds despite repeated attempts and requests by US, (c) occasional intimation by responsible officials that Point IV program has been imposed by US rather than sought by Leb, (d) GOL requiring US assume responsibility for any possible damage resulting from olive spraying operations, (e) lack of courtesy accorded our staff in clearing recent livestock shipment through customs, (f) persistent obstructionism by customs and other responsible officials in clearing official and personal shipments, culminating in present demand all TCS imports pay municipal and excise taxes, 86 shipments dating back to Feb still in customs, seriously delaying some programs.

(2) We see two major reasons for this attitude and these difficulties. First, disappointment of GOL in small magnitude of aid program. Their hopes of large-scale econ aid were not realized and their disappointment was increased by smaller technical aid program for 1953. Second, and possibly more basic is realization by certain elements within present ruling regime and vested interests that they cannot twist Point IV operations and exploit them for their polit and economic benefit. Furthermore, some pro-French elements have been active in obstructing program.

(3) Our conclusion is that the program will continue to be obstructed and frustrated as long as present situation persists. There

is hope now that new and strong cabinet will be set up with intention of clearing up situation and getting things done. In that event we expect our program to move ahead fast. Min Minor had lengthy and frank interview with Leb Pres on Point IV difficulties with GOL with encouraging results (Embtel 512 Sept 12).[1] Meantime, we plan no policy discussions with present "caretaker" govt. When new govt takes over, we plan discuss whole situation along lines this tel with PriMin making clear we expect initiative for development of program from them or to come from his govt. We can and will not be put in position of "imposing" aid.

MINOR

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[1] *Infra.*

No. 485

783A.00/9-1252: Telegram

The Minister in Lebanon (Minor) to the Department of State

CONFIDENTIAL BEIRUT, September 12, 1952—3 p. m.

512. I am in full agreement with Totec tel 511 Sept 12. While our program meets with considerable response on part of people who understand it and officials at technical level, I feel Leb Govt has failed to give us support necessary for success. Administratively, they continue to punish our personnel who have been waiting months for their effects to be cleared from customs. None of us feels that we have the atmosphere necessary for successful operation. Paradoxically, problem is not that Lebs dislike Point Four. It is rather that they are trying to browbeat us into large Point Four aid and especially econ assistance.

Because of my concern with this matter, I took it up yesterday with Pres El-Khoury in a long and cordial conversation. I outlined our concern at this turn of events and said that it is hardly in the interest of Leb Govt to discourage us in our efforts to assist this country. I declared that it was only fair to let him know my views and further that I intended to express these opinions in Washington. I spoke of the disillusionment of TCA personnel with the unfair treatment they are getting from the hundreds of customs authorities.

Pres El-Khoury grasped matter quickly and assured me in warmest terms that this will receive improvement. He added that frankly there has been no govt in Leb for considerable time. He stated that his personal philosophy is that Leb shld help herself and then receive gratefully any aid US is able and willing to give. He said that new govt, possibly headed by Saeb Salaam, wld shortly be sworn in and that one of its primary directives will be to have the closest kind of cooperation with Point Four. He urged me to hold off any definite recommendation until he has chance to prove this cooperation. As to our customs difficulties, he promised to fill in Moubarak today and direct him that these matters be put straight. I asked him, when talking to Moubarak, to say that we strongly admire his courage and honesty and to convince him that a change of attitude is in the interest of his own country. In any event, I said that the situation wld have to be corrected.

Our conversation was unusually cordial. He is most friendly and I know he plans to try to carry out what he promised. However, matter is serious one and we shld carefully consider our position. I do not believe Point Four can possibly succeed working under present handicap. I recommend that we give new Leb Govt every encouragement and opportunity to work closely with us. We shld play down any idea that we can be bribed or browbeaten into large-scale econ aid. On this basis I am hopeful that we can soon go forward confidently.

MINOR

No. 486

674.84A/9–1552: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET PRIORITY WASHINGTON, September 13, 1952—3:38 p. m.

568. Egypt Chargé Wash called Sept 12 to report direct approach (method and place not revealed) by Israel requesting in view "new relationship Israel–Egypt" (which Chargé indicated referred to Israeli peace overtures) Egypt use its influence at Arab League mtg prevent inclusion GA agenda ques internatlzn Jlem. Commenting that Egypt cannot now burn bridges with Arab states and that conclusion peace with Israel must take time, El Kouny requested US attitude Jlem ques as most impt to Egypt consideration agenda prob. Chargé informed that US gen posit Jlem set forth July 22, 1952 press statement (nr 576) [2] and that US will not oppose inclusion item GA agenda.

Meanwhile Israel Amb Eban has sought Depts assistance dissuade Arabs from including on GA agenda complaints against Israel by stating he instructed present four counter-complaints if Arabs do so: (1) econ aggression vs Israel by mbrs Arab League; (2)

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[1] Repeated to Tel Aviv, Amman, Beirut, Damascus, Baghdad, Jidda, and London.

[2] Not printed, but see footnote 2, Document 456.

violation by Jordan Art 8 Israel–Jordan armis agrmt; (3) violation by Arab states Art 2 pgh 4 UN Charter by threat or use force vs territ integrity Israel; (4) violation by Egypt Art 25 Charter in not carrying out decision SC Sep 1, 1951, on Suez Canal blockade. Not known but believed likely Arab states know of these prospective Israel counter-complaints. Dept does know Israel mainly interested non-introduction agenda of Jlem ques. Dept has informed Eban it considers introduction Israeli counter-complaints wld be unfortunate but cannot approach Arab states dissuade them from introducing whatever items they agree upon.

ACHESON

No. 487

262A.84A41/9-1652: Telegram

The Acting United States High Commissioner for Germany (Donnelly) to the Department of State [1]

SECRET BONN, September 16, 1952—6 p. m.

1185. In conversation with Adenauer yesterday, he expressed concern re Arab reaction to FedRep restitution agrmt with Israel. [2] Chancellor felt that threat of Arab boycott of Ger goods wld revive latent anti-Semitic feelings in Ger, and earnestly asked US support in heading off this boycott. Other FedRep officials have voiced similar anxiety notwithstanding assurance given them as result Dept's 1097 (rptd 141 Damascus). [3] Blankenhorn of Chancellery expressed hope that if occasions presented themselves, Dept and our reps in Arab countries wld continue to make clear Arab reps that FedRep had no desire whatsoever to become embroiled in Arab-Israel troubles, and that restitution agrmt merely closed out a debt of past injury to Jews now living Israel.

We are particularly disturbed by Cairo's 700 to Dept [4] re Arab League Council approval of sending mission to West Ger re restitution. We hope Dept and addressee Embassies can convey Ger position Arab reps.[5]

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[1] Repeated to Cairo, Beirut, and Damascus.

[2] The Agreement between the State of Israel and the Federal Republic of Germany was signed on Sept. 10, 1952 at Luxembourg, and came into force upon the exchange of the instruments of ratification on Mar. 27, 1953 at U.N. Headquarters, New York. For the text, see United Nations Treaty Series (Part I, No. 2137), vol. 162, p. 205; or Israel, Ministry for Foreign Affairs, *Documents Relating to the Agreement Between the Government of Israel and the Government of the Federal Republic of Germany* (Hakirya, Government Printing Press, 1953), pp. 125 ff.

[3] Document 480.

[4] Dated Sept. 15, not printed.

DONNELLY

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[5] With respect to the agreement, Ambassador Davis reported on Sept. 18: "Yesterday FonMin Sharett requested me to convey his govt's deep appreciation of US support with respect to Ger reparations, which he said was of great value at certain critical stages of the negots." (Telegram 454 from Tel Aviv, Sept. 18; 262.84A41/9-1852)

No. 488

320/9-1752: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET PRIORITY TEL AVIV, September 17, 1952—7 p.m.

448.[2] Deptel 272[3] and Embtels 411[4] and 304.[5] FonMin Sharett informed me this afternoon that Israel's Chargé in Paris had recd what purported to be reply to IG's offer to meet reps of Egypt's new regime. A person claiming to bring msg directly from Naguib stated that he was authorized to say present regime has no aggressive designs against Israel, that any public pronouncements to contrary shld not be taken too seriously, that Naguib now deeply immersed in internal affairs making it impossible attack issues of fon policy at present, and that early opportunity wld be taken to estab contact to discuss certain matters which were not specified. Since this msg was delivered about 6 or 7 Sept, Sharett assumes that it did not come through Aly Maher. IG has no means of verifying authenticity of msg, but is disposed to take it as relation to earlier IG initiative. FonMin had opportunity discuss matter with Israel's Chargé in Paris and authorized latter to reply orally as fols:

(1) Express gen appreciation of msg since it was "not unfriendly".
(2) Say that Israel was following with sympathetic interest efforts improve situation in Egypt and

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[1] Repeated to Cairo, Paris, and London.

[2] Telegram 448 was orginally numbered 451.

[3] Telegram 272 to Tel Aviv, a repeat of telegram 569 to Cairo, Sept. 13, not printed, reported that the Egyptian Chargé in Washington had commented to the Department that Egypt could not at this juncture think of entering into discussions on the subject of *rapprochement* with Israel. At this time of internal revolution, he said, Egypt neeeded all the friends she had, and attempting to settle differences with Israel would alienate Iraq, Syria, and other Arab states opposed to such a settlement. (320/9-1252)

[4] Document 483.

[5] Document 472.

(3) Offer suggestion that if there wld be any value in drawing on IG experience in developing agricultural settlements govt wld be glad cooperate on technical level or in any way that might seem useful.

Sharett seemed entirely realistic with reference practical difficulties in way of *rapprochement* with Egypt and he viewed present development with much reserve. He pointed out, however, that the two personalities which had been regarded as most obstructive to any step toward regional peace, namely Farouk and Assan, had now been eliminated from their influential positions.

DAVIS

No. 489

783A.00/9-1952: Telegram

The Chargé in Lebanon (Lobenstine) to the Department of State [1]

SECRET PRIORITY BEIRUT, September 19, 1952—12 a. m.

580. Various Leb polit reps are asking our view as to successor for Pres Khouri. They note that Brit are more or less openly backing Camille Chamoun and that French are believed to be supporting Hamid Frangie. Whether we will it or not, all Lebs assume we, like they, must have a candidate and must be working for his election.

We believe that all candidates thus far seriously considered—Chamoun, Frangie, Gen Cyehab, Alfred Naccache, Dr. Yousef Hitti, Jawad Boulos, Dr. Charles Malik, etc—are men of high calibre and without exception friendly to America. Since none of those is an outstanding favorite for election and since our only personal preference Dr. Malik is receiving scarcely any attention we believe we shld officially and unofficially show no favoritism lest by doing so we alienate affections of Pres eventually elected.

Subject Depts and Min Minor's approval, therefore we are keeping out of picture as much as possible. All Amer members of staff have been instructed not to comment on situation in public. When asked for official or unofficial statement our views, we stick to principles not to personalities, indicating views: (1) day of imperialism is over; we respect Lebanon's independence and her right select Pres in accordance her own constitutional processes; (2) we hope for a Pres who has universal respect entire citizenry, who will decidedly steer Lebanon on course of progress its people so obviously desire; and (3) we have not and will not support any individual and do not believe any foreign power is or shld be giving active support to any candidate. [2]

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[1] Sent by pouch to the Arab capitals, Paris, London, and Tel Aviv.

LOBENSTINE

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[2] Telegram 546 to Beirut, Sept. 20, stated that the Department and Ambassador Minor were in full accord with the Embassy's attitude as defined in paragraph 3 of telegram 580. The Department assumed that the Embassy would continue to stress this attitude, and take any opportunity to counsel the Lebanese on moderation and the maintenance of public order. (783A.00/9-1952)

No. 490

262.84A41/9-2252

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] September 22, 1952.

Subject: Visit by Ambassador Eban regarding: (1) The Israel-German Reparations Agreement; (2) Israel-Arab Relations.

Participants: The Secretary
Ambassador Abba Eban, Israel Embassy
Minister David Goitein, Israel Embassy
Mr. Waller—NE

The Israel Ambassador at his own request called on the Secretary at 11:30 this morning. He was accompanied by Minister David Goitein. The subjects discussed fall within the following general headings:

1. The Israel-German Reparations Agreement
2. Israel-Arab Relations

With regard to the Israel-German Reparations Agreement, the Ambassador said he was under instructions from his government to express to the Secretary appreciation for the sympathetic assistance given by the Secretary and his staff in bringing about the agreement which was recently signed at Luxembourg. He said that his government is aware that without this assistance the agreement would not have been possible. The Secretary replied that he felt he had been able to be helpful and he was glad the negotiations were successful. He praised Chancellor Adenauer for his receptiveness and for his tenacity in pursuing the matter to its conclusion.

The Ambassador said that the next step would be to obtain ratification of the agreement by the German Bundestag which he understood would be meeting October. So far as Israel is concerned the agreement will become effective as soon as ratified by the Bundestag because the Israel government does not require further legislative authorization. He hoped that the Secretary might find an opportunity to encourage Chancellor Adenauer to obtain a quick ratification of agreement. The Secretary replied that he felt that the sooner the agreement was submitted to the Bundestag the better it would be and he felt there was no reason to doubt that it would be ratified. The pressure from the Arab States under the threat of an economic boycott of German goods would not in his opinion deter the German government from proceeding with the ratification arrangements. The Secretary said that now that the Israel-German Agreement had been reached he hoped Israel would take up the matter of compensation to the Arabs for their property in Israel. Ambassador Eban then related the view of the government of Israel that this question has three phases; namely, (1) to assess the basis for compensation; (2) to determine the size of the debt; and (3) to pay the debt. The latter, in the opinion of the Ambassador, would be the most difficult. Israel is quite willing to move forward on this problem even though the means of payment cannot now be foreseen.

With regard to Arab-Israel relations, Ambassador Eban informed the Secretary of Israel's analysis of the present regime in Egypt, describing it as a great improvement over the former government. The Ambassador said that Israel had made an approach to the Egyptian government but that a reply had not been received. (*Note:* Ambassador Eban was apparently uninformed regarding the Egyptian reply—see Tel Aviv's telegram no. 451, dated September 17.) [1] Nevertheless, the absence of a negative reply and the absence of statements by responsible Egyptian officials denouncing Israel is a good sign. The Secretary replied that he was mildly optimistic at the turn of events in Egypt and he felt that the atmosphere towards Israel was much better than it has been heretofore.

The Ambassador then turned to Syria and a discussion of Arab items on the agenda of the UN General Assembly. He expressed regret that the Arab States have taken no step toward direct negotiations for the settlement of outstanding problems with Israel, and pointed out the inconsistency of this lack of effort and the placement of items on the agenda of the UN General Assembly which call for a discussion of the problem by the General Assembly. The Secretary replied that there really was nothing to say on this subject as the Ambassador's logic was evident. One could only wait to see what use might be made of it. He hoped that the discussions would take place without rancor and that moderation would be shown by both sides.

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[1] Telegram 448 from Tel Aviv, Sept. 17, was originally numbered 451; for text, see Document 488.

No. 491

680.84A/9-2252

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

SECRET [WASHINGTON,] September 22, 1952.

Subject: Visit of Ambassador Eban regarding: (1) Arab Israel Relations; (2) Defense Problems and Military Aid.

Participants: Mr. Byroade—NEA
Ambassador Eban, Israel Embassy
Minister David Goitein, Israel Embassy
Mr. Waller—NE

Ambassador Eban called at his own request on Assistant Secretary Byroade at 10:30 this morning. He was accompanied by Minister Goitein. The subjects discussed were:

1. Arab Israel Relations
2. Defense Problems and Military Aid

With regard to the first subject, Ambassador Eban started with Egypt. He said that General Naguib apparently does not wish to do anything regarding Israel that would prevent him from taking a more favorable course later on and that his failure to reply to the Israeli peace offer created a "zone of silence" which must be penetrated before any evidence of progress, or the lack of it, can be seen. (*Note:* The Ambassador was apparently not aware that Egypt had replied to the Israel offer, as reported in telegram no. 451, September 17, from Tel Aviv.) [1] He continued by saying that his government has the impression that US influence in Egypt is growing and will continue to grow; whereas the UK position will probably not get any better, and may worsen. He said that the U.S. may therefore have an opportunity to use its influence in bringing about a settlement between Egypt and Israel.

Mr. Byroade replied that we have not pressed Egypt in this regard because the Egyptians have a lot of housecleaning to do before they can think much of foreign policies; that Egypt might, however, move fast in cleaning house and in reaching an understanding with Israel. He expressed the belief that we are in a good position with the Egyptians to be helpful, and he assured the Ambassador that we would do what we could when the time was opportune.

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[1] Telegram 448 from Tel Aviv, Sept. 17, was originally numbered 451; for text, see Document 488.

Turning to Syria, the Ambassador said that Israel's relationship with Syria is the most disappointing element on the horizon for Israel. There has been no improvement in relations with Syria since Israel was founded and Israel feels there is no disposition on the part of the Syrians to ease the situation.

The Ambassador continued by saying that the paramount problem in the Middle East was the interstate relationships between Israel and the Arab States. The UN has advised the parties to endeavor to settle their differences by direct negotiations. The Arabs have made no effort to settle problems by this means and yet they assume an attitude of surprise at the end of the year when no progress has been made and the UN is ready for another session.

Mr. Byroade asked whether the intensification of Arab feeling was not precipitated by the Israeli plan to move its Foreign Office to Jerusalem. The Ambassador felt that this was not the basic cause of any Arab reaction as the latter would in any case have found some excuse to put Palestine on the UN agenda. Mr. Byroade replied that, although Jerusalem is not specifically mentioned in the items placed on the agenda by the Arabs, nevertheless he felt certain the subject would be brought up.

Ambassador Eban went on to refer to the Arab policy as one of ostracism; the Arabs do not wish to discuss any question of mutual interest although Israel is ready. He pointed out that the Jews had the deepest antipathy toward talking with the Germans and yet they brought themselves to do so because the US advised them that the only way a solution could be found would be by talking to the Germans about it. This led to the signing on September 10 of a reparations agreement between Israel and the German Federal Republic.

Mr. Byroade expressed the wish that we might have more influence with the Arabs. Each time we have tried to accomplish a regional objective we have become even more closely identified in the Arab mind with Israel. Further, the UN record regarding Palestine is not good. It is on the question of Palestine that the UN has shown the greatest weakness.

The Ambassador said that even the UN has had no success in getting the parties together. The Arabs and Israelis have never negotiated directly to try to solve their problems. In his opinion many UN members regret that the Palestine issue has been raised again by the Arabs in view of the fact that the Arabs have made no effort at direct negotiations.

Mr. Byroade said he hoped the Arab attitude would not interfere with arrangements being made for the payment by Israel of Arab blocked accounts. The Ambassador said that progress is being made. The most recent question was the rate of exchange and Israel has now agreed to the rate of exchange which prevailed at the time Israel agreed to pay the blocked accounts, rather than the present rate of exchange. This means that Israel will pay at the rate of one Israel pound equals $2.80, or a total the equivalent of $2,800,000, instead of the equivalent of $1,000,000 as recently appeared would be the case. The Ambassador continued by saying that the political phase of the blocked accounts negotiations is about finished and the matter can soon be turned over to experts to handle the actual payments.

Mr. Byroade expressed himself as pleased with the Israel decision and said that this action would make Israel look much better.

On the subject of defense problems and military aid, the Ambassador said he understood that because of the increase in American influence in Egypt that country would likely request military assistance from the US. In mentioning this matter, he wished to remind Mr. Byroade that Israel was first in the queue for military aid, having applied for grant assistance some eight months ago. Application was made under the Mutual Security Program in the belief that the granting of military assistance should not wait for any regional arrangement. He suggested that the US proceed on a bilateral basis and then "build the roof over the region" as was done in Europe in connection with NATO.

Mr. Byroade informed the Ambassador that it would be very difficult for us to get away from a regional approach. His view was that, while we cannot wait indefinitely for MEDO to evolve, the approach must nevertheless be a regional one. What he would really like he said, would be for Congress to authorize enough military production so that equipment could be furnished other states. He would like to see the present ratio kept between the Near Eastern states, but on a higher level. He felt that it would be necessary to enter into formal agreements on the use of equipment but that it should not be necessary to wait for MEDO to develop.

On the area as a whole, Mr. Byroade said he felt that we are moving along the right way and that he is not as pessimistic as he was a few months ago. He continued by saying that the more he considers the relationship of Israel with the Arab states the more it seems to him that compensation to the Arabs for their property in Israel may be the key to the whole solution. For example, the Arab continues to say that he will one day return to his former home in Palestine, but that in his heart the Arab knows he cannot do so. Compensation, on the other hand, is entirely different. This is largely a financial matter, and one for which he hopes Israel will be able to find a solution. Ambassador Eban, regarding compensation, said that his government considers there are three aspects of this problem: (1) assessment, (2) determination of the size of the debt, and (3) the payment. The latter is the only one of the three points that presents any particular problem. In response to a question, the Ambassador said that Israel is now willing to consider the concept of compensation as a problem in itself and separate from an overall peace settlement. Mr. Byroade said he was glad to learn this.

No. 492

674.84A/9-2352: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET CAIRO, September 23, 1952—noon.

763. We have queried Aly Maher's Chief of Cabinet in FonOff who in fact drafted note which formed first encl Emb despatch 405 Sept 8. He says that Aly Maher had in mind "all" UN resolutions on Pal to which Israelis had not given compliance. Obviously Egypt Govt is most interested in resolutions re internationalization of Jerusalem and Arab refugees with particular emphasis on return to homes of latter. When Chief of Cabinet went on to say that by "all" Aly Maher also meant original UNGA res on partition of Pal, we pointed out that this seemed odd since Egypt and other Arab Govts were on record as fundamentally opposing that res.

Our estimate is that Aly Maher's ltr was not drafted with any great precision of thought. As our recent tels have indicated Egypt official interest has been so concentrated on domestic reform that peace with Israel has not occupied a primary place. However, we discerning trends both in official and in potentially official opinion to face up to fact that Egypt's interest will best be served by coming to peace settlement with Israel. Army offs in very tentative way have talked with us, and even with Brit, on mil advantages of calling off Israeli "war" and FonOff off cited above yestd said that eventually peace might be reached on line of present boundaries. Perhaps more significant was indication to me Sept 19 by former PriMin Sirry that "if he were made PriMin again" he wld be able to arrange peace with Israel. We also note as reported Embtel 760 Sept 22, rptd Tel Aviv 12, [2] that Aly Maher led opposition in Arab league to Jamali's proposal that Jews in Arab countries be treated like Arabs in Israel. However, for immed future we feel that emphasis on internal affairs and on arrangement of differences with Brit still relegates Israel peace issue to background. FonOff source above states no further overtures from Israeli side similar to those described in encls one and two ref despatch have been recd.

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[1] Repeated to Tel Aviv.

[2] Not printed.

CAFFERY

No. 493

783A.11/9-2352: Telegram

The Chargé in Lebanon (Lobenstine) to the Department of State [1]

CONFIDENTIAL PRIORITY BEIRUT, September 23, 1952—3 p. m.

605. Herewith Emb's evaluation of Pres Chamoun's prospects: [2]

1. Whether true or not almost every one in Leb believes Chamoun has Brit sponsorship. As result Brit interests may prosper. On other hand, Chamoun may be forced to react by leaning over backward to avoid stigma of connection with Brit whose interests cld actually be harmed. In any case, many observers believe he will pull Leb from pro-French cultural orbit.

2. In long run, Amer influence will probably be stronger not only with Chamoun but all Lebanese politicians by reason of our much talked about neutrality during election campaign. Chamoun is definitely our friend and when elected was preparing for Point IV leader-grant visit to US. As member of opposition bloc in deputies, he voted against Point IV but chiefly because he felt it wld aid in keeping Khouri regime in power. Jumblatt, leader of bloc to which Chamoun belonged, last night told an Emb employee, "this means no MEDO and danger to Point IV program". Remark was make jokingly but cld suggest future difficulties.

3. As Min to England and Lebanese UN delegate, Chamoun established many friendly ties with politicos in other Arab states. His relations with them shld be most friendly, particularly with Brit-influenced Jordan and Iraq. He will probably give strong support to strengthening of Arab League.

4. As Nationalist Socialist bloc member, heavily influenced by Kamal Jumblatt, Chamoun is of liberal thought. It remains to be

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[1] Sent by pouch to Paris, London, Tel Aviv, Cairo, Baghdad, Damascus, Amman, and Jidda.

[2] Camille Chamoun was elected President of Lebanon by the Chamber of Deputies on Sept. 23.

seen whether Jumblatt influence along socialistic lines will be altogether for good.

5. Chamoun will undoubtedly undertake significant reforms. Emphasis on non-sectarianism may well cause strong emotionalism particularly amongst Christian communities.

6. Chamoun who is not wealthy is extremely affable and enjoys great personal popularity. He does not have a a powerful personality, however, and there is some danger that in trying to please everybody he may be imposed upon by stronger polit personalities.

7. Honeymoon obviously now exists. Show-down will come when polit barons, who still hold Parl seats and who voted Chamoun to presidency, seek to retain their vested interests in face of reform programs he and his opposition friend will introduce.

LOBENSTINE

No. 494

783.00/9-2552: Despatch

The Minister in Syria (Cannon) to the Department of State

SECRET DAMASCUS, September 25, 1952.

No. 185

Reference: Legtel 222, September 23, 1952 [1]

Subject: Transmittal Memorandum Minister's Conversation with Shishikli [2]

Summary

In my first substantive conversation with Colonel Shishikli, the latter set forth in some detail his ideas on recent events in Lebanon, his views on Near Eastern history since the departure of the Turks, and his opinions on specific current topics such as his interest in establishing a *modus vivendi* with Israel and belief that the Arab States should be included in MEDO plans from their inception. He indicated that further general and specific discussions would be required before the conclusion of any bilateral aid agreements with the United States.

In the course of my first lengthy substantive conversation with Colonel Shishikli, a two and one-half hour near-monologue at my Residence on the evening of September 22, he talked cordially and long about many past and present aspects of Near Eastern politics.

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[1] Not printed.

[2] The memorandum of conversation sent as enclosure 1 to this despatch is not printed.

A summary of his remarks is forwarded in the enclosed memorandum. Beyond asking several questions, my contribution to the conversation was small. The following observations and comments are intended to be read in conjunction with the attached memorandum of conversation.

Lebanon: The Legation accepts at face value Col. Shishikli's disclaimer of aggressive designs on Lebanon. In approving a "strong hand" to guide that country, he appears to recommend for Lebanon the kind of guidance he himself is giving Syria. Though he exercises authority in Syria without full assumption of responsibility, he is critical of that identical situation in Lebanon.

Recent Near Eastern History: Col. Shishikli's interpretation of events in this area since the end of the Turkish regime implies that Arab progress and Syrian independence have resulted solely from Arab efforts, while delays and difficulties have been caused by foreign powers. There has been much discussion of the nature and extent of Allied commitments to the late King Hussein and his associates during World War I, and it hardly seems worthwhile to question Col. Shishikli's interpretation. The Colonel's evaluation of the Arab States' assistance to the Allied Powers during World War II seems to be exaggerated. He gave no credit either to the British or ourselves for any share in the "fortuitous circumstances arising out of the War" which resulted in statehood for Syria. Willingness to arrogate to one self all credit and to attribute all blame to the foreigner is not, of course, confined solely to Syrians, or even to Orientals.

Arab Unity: Citing the fragmentation of the area by the mandatory powers and the heavy total cost of the bureaucracies of the several Arab States, Col. Shishikli advanced an implicit argument for some form of Arab union. His statement concerning the alleged failure of either Lebanon or Jordan to achieve economic viability is additional evidence of the trend of his thinking. Members of his cabinet are well known for their support of the idea of Arab union, and reference to this concept is made in the constitution of the new "Government" party, of which Shishikli is the "responsible director".

Israel: Col. Shishikli showed considerable forebearance in dividing the responsibility for the creation of the State of Israel between the United States and Great Britain, an event for which the United States is given full credit by many Arabs. In the face of his public statements to the contrary, his private recognition that Israel will be a factor in the area for a long time is gratifyingly realistic. It should be noted, of course, that throughout his discussion of problems connected with Israel, Col. Shishikli is concerned with the establishment of a *modus vivendi* rather than with a permanent settlement. He appears to envisage frontier delimitation and refugee resettlement as "temporary" measures which will last a decade, a generation or a century but only until such time as Arab rights can be effectively reasserted. Just as placement of refugees here is being attempted without reference to "resettlement," so any improvement of Syrian relations with Israel may be feasible only if explicit references to "peace" are omitted.

MEDO: The view expressed by Col. Shishikli that Near Eastern States should be included in MEDO plans from their inception coincides with the Department's policy. Although the subject of arms was not specifically mentioned, it has been made clear that Col. Shishikli would like military assistance as well as equitable recognition of Arab importance in any regional defense arrangements.

U.S. Aid Agreements: Pending 511 (b) and 408 (e) agreements were not directly mentioned by Col. Shishikli. His remark that consideration of specific agreements should be deferred until the completion of general informal discussions would appear to presage further delay in conclusion of those agreements. Despite his awareness of the Department's November cutoff date on ten million dollars of economic assistance, he appears to be holding to his own timetable which is dominated by Syrian and Arab considerations.

Summary: Throughout Colonel Shishikli's conversation, it was obvious that he views all proposed arrangements with the West in the light of Syrian and Arab interests, and that he is determined to maintain and support Arab claims against Israel. Programs and policies conceived without recognition of these factors will find no ready acceptance in Syria.

For the Minister:
WILLIAM D. BREWER
Second Secretary of Legation

No. 495

674.84A/9-2652: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

TOP SECRET PRIORITY TEL AVIV, September 26, 1952—8 p. m.

500. Re Cairo Embtel 763 to Dept [2] and request Deptel 301 [3] (1) Israel's attitude toward implementing UN resolutions, (2) Emb's

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[1] Repeated priority to Cairo.

[2] Document 492.

[3] Not printed.

views *bona fides* Israel motives in seeking peace and (3) Israel's dependability re publicity following is submitted:

Point One. FinMin stated in conversation this a.m. Israel had not been and is not now resistant to main UN objectives in ME, namely establishment Jewish and Arab States, (2) cessation of hostilities and (3) re-establishment of peaceful relations in ME. He passed over partition plan resolution as having been superseded by armistice agreements. As to refugees, he asserted repatriation manifestly impracticable but said his govt "will not shirk obligations re settlement and compensation despite difficulties". Mentioned IG rep had informed PCC latter's plan for handling payment of blocked accounts through Barclay's Bank in London acceptable and that 1 million Israel pounds wld be made available as first installment.

Point Two. Emb is convinced Israel sincere in desire establish peace with neighbors and become integrated in ME on basis normal polit, econ and cultural relations. There has been increase in interest taken by PriMin and other high officials of IG seeking to improve relations with neighbors, motivated it is believed by realization that without regional peace Israel's position precarious.

Point Three. As to Israel's propensity seek to influence course of events through press, I agree entirely with view expressed in last para of Emb Cairo desp 405 of Sept 8 that threat of publicity attributed to Israel First Secy in Paris is most unfortunate and contemplated to defeat purpose of IG to make progress toward peace with Egypt. I took occasion this morning, therefore, to remind Sharett of our repeated expressions of opinion that untimely publicity on Israel's part might well wreck any chance of success in important matter of initiating peace talks with Egypt, adding I had reason to believe Egyptian officials extremely sensitive now to danger of any announcements to press that might be so timed as to embarrass them seriously and put end to any possibility of effecting improvement in Israel-Egypt relations that they might otherwise favor.

DAVIS

No. 496

674.84A/9-2752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, September 27, 1952—7 p. m.

498. Re Embtel 422. [2] VD chief Amer Div Fon Ministry advises informal mtg with Egypt MAC rep Gohar took place Thursday September 25 with Col Ramati representing IG pursuant to arrangement described in ref tel. IG rep made specific suggestion that special mtg be arranged on higher level to discuss (1) broadening scope of present anti-infiltration agreement and (2) resolving questions of mutual interest relating to shipping. Egypt's rep said he wld consult superiors and report result. IG hopes discussion of point (1) may lead to gen non-aggression agreement; and as to point (2) it proposes cover all shipping matters including territorial waters, fishing rights and possibly passage of shipping through Suez Canal (see Embtels 467 and 497). [3]

DAVIS

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[1] Repeated to Jerusalem, London, Paris, Ankara, and Cairo.

[2] Not printed, but see footnote 3, Document 477.

[3] Neither printed.

No. 497

262A.84A41/9-3052: Telegram

The Chargé in Lebanon (Lobenstine) to the Department of State [1]

SECRET BEIRUT, September 30, 1952—3 p. m.

656. From Beirut viewpoint (Embtel 642, Sept 29), [2] it appears US Govt has cause for being equally concerned as Federal Republic about Arab reactions to German-Israeli agreement (Bonn 1185, Sept 16 [3] and London 1805, Sept 27). [4] In Lebanon, US is receiving brunt of adverse criticism.

Our efforts to convince GOL officials of virtue of German-Israeli agreement as well as our promises to support separate Israeli reparations to Arab refugees are falling on deaf ears. Too much talking on our part, moreover, will only tend to confirm their incorrigible belief that US coerced Germans into making agreement.

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[1] Repeated to London, Bonn, and Cairo; sent by pouch to Paris, Tel Aviv, Baghdad, Damascus, Amman, and Jidda.

[2] Telegram 642 from Beirut, Sept. 29, summarized Lebanese editorial comment on the West German-Israeli agreement of Sept. 10. (262.84A41/9-2952)

[3] Document 487.

[4] Not printed.

Lebs cite press accounts of frigidity at Adenauer-Sharett signing ceremony and numerous private indications from German Cabinet members and people, as proof that Germans themselves dislike agreement. GOL is especially concerned at Germany's contributing to up-building of Israel's heavy industries which may in time be converted for construction of war vehicles for use against Arabs. Iraqi-Syrian-Egyptian mission to Bonn was irrevocably agreed upon at AL meeting in Cairo. Consisting of pro-German Arabs, its purpose will be to propagandize German Parl members against ratification.

While threat of boycott may be carried out even if only on a token or temporary basis, Embassy's opinion is that there is so much latent pro-German sympathy in Arab world (on basis enemy of their enemy is their friend) that German interests will not in long run suffer irreparably because of agreement particularly while US is such a convenient whipping boy.

LOBENSTINE

No. 498

783A.00/10-252: Telegram

The Chargé in Lebanon (Lobenstine) to the Department of State [1]

SECRET PRIORITY BEIRUT, October 2, 1952—1 p. m.

673. In hour's conversation with Pres Chamoun at Beit Ed-Ed-Dine, we reviewed pending problems between two govts in atmosphere utmost cordiality. I was prepared to restate our position along lines taken with ex-Pres Khoury (Embtels 32 [*320*] August 19 and 512 September 12). Pres disarmed me immed by stating there are no problems between us that cannot be settled, not sometime in future but right now.

1. On local political situation Pres admitted new cabinet was "his cabinet" after he had put up with bickering politicians in Chamber Deputies long enough. Our meeting was cut short as he said the four Ministers were waiting outside for a meeting to outline details Pres program presented in his acceptance-inaugural address. As soon as this completed, they wld present it to Chamber with request Chambers grant them decree-law powers to execute it. Pres had no faith in working with present Parliament—on the electoral

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[1] Sent by pouch to London, Paris, Tel Aviv, and the Arab capitals.

law revision alone, he said, they wld and cld filibuster for months. However, he had no intention of dissolving Parliament now. Dissolution remains a possibility if Chamber does not grant Cabinet decree-law powers, ...

2. Pres asked me where we stood on Point Four, but gave me time to cover only problems of unsigned projects agreement and customs problems. On latter after hearing explanation he said he wld instruct Min Finance Hakim to call me today and promised a solution this week. He agreed it wld take another decision of Council Mins to reverse decision of August 21 subjecting TCA shipments to muncipal taxes, but viewed favorable action as foregone conclusion. (I did not mention that Moubarak is now in key position of FonMin, one of only four Cab Mins, and that it was he not then a member of Cabinet who swung entire Cabinet to his point of view on August 21.)

3. On project agreements he saw no problem on grounds if the individual projects were good of course the new Mins wld sign them.

4. I mentioned that one gap in Pres reform program we had noted was omission of tax reform. In reply to his questions I mentioned over-dependence on regressive indirect taxes and small use made of direct income tax. Pres replied, correctly that this was question of enforcement of existing law. After present income tax rates had been effectively enforced for some time, they cld better assess need for further revisions in tax structure.

5. President then said if pending problems settled, next question was economic aid from US to finance projects after Point IV surveys completed. I tried to disabuse him of idea Point IV consisted of nothing but surveys, pointing out some other aspects of program. Even where limited to survey, e.g. Litani, object was to prepare document which IBRD wld accept without further technical study. For local currency costs and for other types of projects, I stressed importance of creating climate which wld attract private financing, mentioning water resource development Regie (Embdes 163, Sept 12)[2] as example of what might be done. He obviously got the point, but immed inquired when US wld give Leb kind of economic aid we have freely given to even less friendly European countries and

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[2] Despatch 163 from Beirut, Sept. 12, described proposals to establish a corporation for water resource development in Lebanon. (883A.2614/9-1252) The Government of Lebanon on Aug. 19 had adopted by decree the "Gemayel-Naccache" plan for the unified development of Lebanon's water resources, and had appointed a committee to draw up statutes under which the new corporation, to be called a Régie, should operate. The plan was based on studies made by the Lebanese engineer Albert Naccache, subsequently publicized by Maurice Gemayel in his book *La planification des eaux* (Beirut, 1951).

Turkey (he did not mention Israel). I replied I cld not answer that one, but said Leb's chances wld be much greater if it made effective use of large amount of aid already offered.

6. Pres then rapidly shifted to arms. "We need arms, we need them badly, we need them now." US knows well, he said, Leb with its small army wld never be an aggressor. But Leb must have one tough and heavily armed division to protect itself. US has given large quantities of arms to Europe and Turkey, to say nothing of others. Leb is willing to pay cash. But even limited quantities of arms Leb requested were inexplicably delayed in Wash and London. Why ? I said I knew of no instance when we had forwarded a request from Leb Army Wash had not acted reasonably promptly. Pres replied Gen Chehab told him we were delaying a request for 155 and 105 mm guns. I said I wld check with MilAtt and report details to Dept.

7. During discussion on arms, Pres said: "Of course, we have had our differences—over Israel, refugees, etc. But you know that if it ever came to war with Soviet Leb is 100 percent on side of West, . . . , whether or not we have any kind of treaty or agreement in writing." I replied that we had always known the sympathies most Lebs lay with West, but was glad to hear this from him, the Pres. He repeated his words, said we need never fear where Leb's ultimate loyalties lay. But the hope of planes and ships from the West was no substitute for a small but tough Leb Army to defend Leb soil. All he asked was a little bit of initiative and imagination in Wash in considering Leb's minor requests for arms. He added he wld insist on the same attitude from the Brit.

At reception for Diplomatic Corps Saturday, Pres had looked worn and tired. With the Cabinet crisis off his shoulders he seemed a new man yesterday. He had regained his old spark and vitality, and was almost itching for the battles awaiting him in the Chamber.

To the extent Pres Chamoun's views are imbued in the members of his Cabinet, we can now expect to move ahead rapidly on several fronts. At the top level there is now a will which was formerly lacking. However, we shld not raise our hopes prematurely. The reaction of Parl to the forthcoming demand for decree-law powers is no foregone conclusion. While reform is the order of the day, most of the forces which frustrated our efforts before still remain entrenched.

LOBENSTINE

No. 499

IO files, lot 71 D 440

Department of State Position Paper [1]

CONFIDENTIAL [WASHINGTON,] October 4, 1952.
SD/AC.2/74

ASSISTANCE TO PALESTINE REFUGEES

THE PROBLEM

To determine the United States position with regard to the program of UNRWA and the financing thereof in the light of the recommendations of the Director and Advisory Commission. [2]

RECOMMENDATIONS

It recommended that the United States Delegation should:

1. Following informal discussion with representative Arab Delegations, co-sponsor, along with the U.K., France, and Turkey, and as many other delegations as possible, a resolution along the lines of the attached draft;
2. Attempt to concentrate General Assembly consideration on the economic and humanitarian aspects of UNRWA and to avoid possible entanglement with the political aspects of the Palestine problem.

[Attachment]

DRAFT RESOLUTION

The General Assembly

Recalling its resolution 513 (VI) of 26 January, 1952;

Having Examined the Report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the Special Joint Report of the Director and Advisory Commission of the United Nations Relief and Works Agency and the recommendations contained therein;

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[1] For the instruction of the U.S. Delegation to the Seventh Regular Session of the U.N. General Assembly.

[2] The Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) submitted an annual report covering the period July 1, 1951–June 30, 1952 (U.N. doc. A/2171) and a special report containing recommendations of the Director and the Agency's Advisory Commission (U.N. doc. A/2171/Add. 1), with respect to future assistance to Palestine refugees. These reports were referred to the *Ad Hoc* Political Committee, which discussed them at its 3d to 7th meetings between Oct. 23 and 30.

1. *Notes* negotiations which have taken place between UNRWA and Near Eastern governments under the program approved in its resolution 513 (VI);

2. *Urges* UNRWA and the Near Eastern governments concerned to proceed as rapidly as possible with the completion of agreements and projects which will enable refugees to become wholly self-supporting and remove them from relief rolls;

3. *Recognizes* that the goals for the reduction of relief expenditure cannot be realized to the extent envisaged in the three-year $250 million relief and reintegration program approved by the General Assembly in its resolution 513 (VI) and accordingly authorizes relief expenditures for FY 1953 not to exceed $23,000,000, subject to such minor adjustments as may be determined by the Advisory Commission in consultation with the Director; and further authorizes the Advisory Commission to approve for expenditure during the first half of FY 1954 such amount for relief as will facilitate the objectives of the agency and requests that in the Joint Report to the 8th Session of the General Assembly recommendations be made concerning the remainder of the year;

4. *Urges* the governments of member and non-member states to make contributions for the balance of the $250 million three-year reintegration and relief program to enable the Agency to make commitments in that amount;

5. *Requests* that negotiations regarding contributions for the program be carried out with member and non-member states by the Negotiating Committee for Extra-Budgetary Funds;

6. *Expresses* its appreciation to United Nations bodies and specialized agencies for their invaluable assistance and calls upon all United Nations bodies and specialized agencies concerned to continue to render all possible services to insure that the assistance programs of the United Nations in the Near East be administered with maximum coordination and efficiency;

7. *Expresses* its appreciation to the numerous religious, charitable and humanitarian organizations whose programs have afforded invaluable supplementary assistance to Palestine refugees and again requests them to continue and expand to the extent possible the work which they have undertaken on behalf of the refugees.[3]

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[3] For the text of a draft resolution submitted jointly to the *Ad Hoc* Political Committee by France, Turkey, the United Kingdom, and the United States, see U.N. doc. A/AC.61/L.1. That draft resolution was adopted by the *Ad Hoc* Political Committee on Oct. 30 by 50 votes to none, with 7 abstentions, and was adopted by the General Assembly at its 391st plenary meeting on Nov. 6 as Resolution 614 (VII); for text, see Document 508.

Comment

General

While it is presently contemplated that the UNRWA Report will be considered in Committee 2, we are not prepared to oppose the Arab States if they should move that this report be considered in the *Ad Hoc* Committee. Accordingly, recommendation 2, while indicating our desire to concentrate General Assembly debate on the economic and humanitarian aspects of UNRWA, is based on the prospect that the United States Delegation must be prepared to accept the possibility that the UNRWA report will, in fact, become entangled with the political aspects of the Palestine problem.

The action to be taken by the General Assembly on the Palestine refugee program is of secondary importance by contrast with the action taken a year ago when approval was given to the three-year $250 million relief and reintegration program (Resolution 513 (VI) of January 26, 1952). The lines of action for the Agency and the approximate sums involved were set forth in that resolution which was approved without a dissenting vote.

Our aim this year is to take the action necessary in the General Assembly to continue the program for another year and to improve the setting for the work of UNRWA. The attached draft resolution is predicated on information currently available but without benefit of the final recommendations of the Director and Advisory Commission.

Draft Resolution

Paragraphs 1 & 2: Progress has been made in negotiations with Syria, but the most recent information available indicates that negotiations, which it was hoped would be finalized to include the reintegration of 20,000 refugee families in Syria at a cost of $30 million, have been suspended following an unsatisfactory interview on October 2 in Damascus between the Director and the Foreign Minister of Syria. In Syria, the Agency and the Government appear to be victims of a vicious circle. The Agency cannot move forward with specific projects until the Syrian government has acquiesced in its general approach and indicated where agricultural and engineering experts might conduct necessary technical investigations. On the other hand, the Syrian Government has alleged on more than one occasion that while it is interested in the Agency's proposals, specific plans advanced by the Director are non-existent and vague generalities relating to numbers of refugees and sums of money form an insufficient base for the conclusion of negotiations. In the meantime, the refugees are kept alive, but with their future undetermined. They remain the outstanding political and social problem in the Near East.

In Jordan, however, the background is more favorable, although the Jordanians remain reluctant to accept in detail the necessary prerequisite to the use of UN funds for capital projects, to wit, agreement that such capital expenditures will be directly related to specific numbers of refugees.

Agreement covering the construction of a very large reservoir and dam on the Yarmuk River, a tributary of the Jordan, is under consideration. Preliminary engineering studies indicate that construction of the dam and irrigation ditches for land reclamation both on the east and on the west banks of the Jordan could result in the establishment of as many as 20,000 new farms which could furnish the livelihood for 100,000 refugees settled directly on the farms plus an indeterminate number of other refugees who could derive their support indirectly from such an undertaking.

Paragraph 3: The Director and Advisory Commission have carefully examined the relief requirements for the fiscal period ending June 30, 1953, in the light of prospects for reducing relief rolls to the extent that reintegration projects are undertaken. They have requested $23 million for relief for this period in lieu of the $18 million estimate provided in paragraph 9 of resolution 513 (VI). The Director and Advisory Commission have not yet made a recommendation with regard to a revision of relief estimates for the fiscal year 1954. It is clear, however, that the total of $50 million for relief for the three-year period ($27 million for Fiscal 1952; $18 million for 1953; and $5 million for 1954) cannot be realized and that consequently a larger proportion of the $250 million estimate will need to be devoted to relief. The United States Delegation in commenting on this matter should insist on holding relief expenditures to a minimum in order that available funds may be devoted to the reintegration program. Relief expenditures for Fiscal 1954 are more likely to cost in the neighborhood of $15 million than the $5 million initially estimated.

Paragraphs 5 and 6: The three-year $250 million goal approved by the General Assembly was broken down by fiscal years as follows:

	1951/2	*1952/3*	*1953/4*	*Total*
Relief expenditures	27	18	5	50
Reintegration commitments	50	100	50	200
Total	77	118	55	250

Pledges thus far recorded for the fiscal years 1952 and 1953 total approximately $145 million, leaving approximately $105 million yet to be pledged. Funds so far pledged are ample for the Agency's cur-

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rent needs and appear adequate to cover prospective commitments in Jordan and Syria. These funds will be inadequate however to extend the program beyond the projects in Jordan and those for the 100,000 refugees now contemplated for resettlement in Syria and further pledges will therefore be necessary in order to strengthen the hand of the Agency in negotiating such projects. It has been U.S. Government policy to pledge up to 70% of the total fund, and appropriations are in hand for 1952 and 1953 enabling us to advance up to $110 million. It is presently the intention of the Executive Branch to budget $65 million for fiscal 1954, rounding our three-years' pledges at $175 million.

Under these circumstances the present task of the United Nations is to obtain firm pledges even though the funds for expenditures on projects may not be required within the year for which they are pledged. The task of the Negotiating Committee should therefore be to negotiate contributions for the balance of the $250 million not already pledged and leave to the Agency the question of negotiating with the contributing governments on the time of payment of their pledges, it being understood that payments might be made after July 1, 1954, since at least one or two years more will be required to execute projects after commitments have been made.

Composition of the Advisory Commission

It is possible that a question may arise in the General Assembly concerning the composition of the Advisory Commission. Under paragraph 8 of resolution 302 (IV) of December 8, 1949, the four designated members of the Commission (US, UK, France and Turkey) were authorized to add three members to the Commission from among contributing governments. Several months ago Pakistan, and currently, Syria, have indicated their interest in membership. The Advisory Commission did not accord membership to Pakistan on the grounds that it was inadvisable to increase the membership of the Commission at that time (June 1952). A recent request from Syria for membership on the Commission is now receiving consideration by the Advisory Commission. The governments represented on the Commission have indicated that they favor the admission of Syria and welcome its interest in wishing to be a direct participant with the ensuing responsibilities which it implies. What effect the admission of Syria may have upon other Arab Governments is not yet known. Nevertheless the Department's present thinking is that governments which are directly involved in the reintegration program—such as Syria and Jordan—should be represented. The 3 vacant seats are believed to be ample to meet present requests for membership, and if changes are to be made in the number we must consider a revision of the terms of reference of the Advisory Commission. For the time being therefore we should make no proposals for changes in the number of available seats on the Advisory Commission nor in its terms of reference. In the event that contributing governments, within or without the Near East, manifest a serious interest in full participation in the Advisory Commission with the attendant cost of maintaining full-time representatives and the other heavy responsibilities entailed, the composition, and possibly the terms of reference will need to be re-examined.

Political Aspects—Arab attitudes

It is clearly necessary for proposals relating to the UNRWA to fit a pattern established by other actions of the Assembly in connection with the Palestine problem. The underlying resolution concerning the rights of the refugees was passed by the Assembly on December 11, 1948, and subsequent resolutions dealing with the UNRWA have unfailingly, at Arab insistence, made reference to the fact that their terms are without prejudice to refugee rights to repatriation or compensation established by that resolution. Further reference to this resolution is sterile, but may be insisted upon by the Arabs. Actual progress of the UNRWA is blocked on the political level by fear of prejudicing refugee rights of repatriation and on the operating level in the area by refugees' fears that they may be waiving rights to compensation and to repatriation by participating in the UNRWA reintegration programs. Over and beyond this is the fact that the UN ration represents security to the refugee which he fears to lose. The delegation may not have to debate these issues with the Arab Delegation but it is important to note that the Prime Minister of Jordan made a forthright statement on August 23 in the local press on the following lines:

> ". . . Certain newspapers have mentioned the problem of refugee resettlement in detail. It is my duty to state that in Jordan we do not have what are termed 'refugees' since constitutionally all refugees have become Jordanian citizens and none of them can be coerced to leave his country. As regards resettlement and housing, I do not perceive any contradiction between it and the principle of repatriation. Repatriation does not depend upon the lack of desire of the refugee to improve his present condition nor does it depend on whether he lives in a house or a tent. It depends upon conditions which we hope will become alleviated with the passage of time. Nothing will prevent the return of the refugee to the homeland of his fathers. The principle of resettlement in no way contradicts the right of the refugee to repatriation or his right to his properties. The duty of the press, therefore, is to enlighten refugees concerning these facts and to remove from their minds the troubled thoughts which certain irresponsible individuals are trying to plant by handling the case of the refugees wrongly in a way that leads to a greater degree of displacement and greater dependence

upon international charity. Several days ago I read an opinion expressed by an Arab statesman to the effect that all refugees should be resettled in Jordan. We welcome this opinion heartily, although it is well known that our possibilities are limited and that we already have a large number of refugees . . ." (Amman Desp. No. 64, Aug 26, 1952).

Similarly, on August 25, the Syrian Foreign Minister, Zafir Rifai, arranged for the publication of a press interview which is recorded in part as follows:

"*Question:* Is is possible for you to define the present Government's policy with respect to the settlement projects?

"*Answer:* Although the Syrian Government sticks to the right of the refugees to return to their homes, which would safeguard the dignity of the UN resolutions and the security of that part of the Arab homeland, it cannot, from a humanitarian point of view, uphold the principle of depriving any group of the natural right to choose shelter in any part of the Arab homeland to alleviate its miserable condition in the expectation of a settlement of the problem. The presence of the Palestinian refugees in Syria or in other parts of Arabia does not arise from the will of the existing governments or from their direct approval. On the contrary, it is a situation imposed on the previous government following the great catastrophe in Palestine. The present Government, despite its endeavors to liberate itself from the policy of extemporization and emotions which failed in all the Arab fields, cannot at present order the refugees to be repatriated from Syria or accept a similar measure which contradicts the principles of Arab brotherhood and equality.

"*Question:* What are Syria's reservations vis-à-vis the projects of settling the refugees?

"*Answer:* The present Government sticks to Syria's right as a host state to determine the centers of sheltering the refugees in Syria and the type of their activity and work in accordance with international traditions. No private local or international organization is entitled to detract the sovereign right of the Syrian state in the Syrian territory or to ignore the Government's decisions on the places designated for sheltering the refugees in temporary camps and houses nor with respect to their absorption into the domestic economy and to the designation of the types and means which are most fit to alleviate their condition within the frame of safeguarding the standard of living of Syrian citizens."

It may be possible for the delegation to use the thinking among such Arab leaders to great advantage in furthering the UNRWA program.

[Attachment]

SECRET [WASHINGTON?, undated.]

Memorandum on Palestine Refugee Program and Related Items.

This memorandum is intended to supplement the position paper on the Palestine refugee program, and has been prepared pursuant to the request of Ambassador Jessup.

1. The General Assembly session offers an opportunity, during the course of formal or informal sessions, to forward our end of refugee resettlement as well as other matters related to the Palestine problem.

2. Insofar as the refugees are concerned, we can point to a year of slow progress, but the fact that we have had substantial funds available to offer for the *quid* of resettlement has improved the bargaining position of UN representatives. Evidence of progress is found in recent public statements of the Jordanian Prime Minister and of the Syrian Foreign Minister which are quoted in the position paper. Further progress is indicated in a formal request of the Syrian Government to join the Advisory Commission of UNRWA. We believe that we should press home at every opportunity the rights of the refugee who chooses not to be repatriated, to shelter, citizenship, and the chance to become a productive member of society in other Arab communities. The fact that UNRWA is now able to finance refugees who choose not to be repatriated represents an opportunity not only for the refugee himself but also for other Arab countries who can be strengthened by the infusion of a new and self-sustaining group.

3. The year that has elapsed since UNRWA was supplied with ample funds is but a brief interval in the long history of the Near East. We should therefore not be unduly discouraged at the fact that little tangible progress has yet been made. We should be encouraged to persist in the financing and in the execution of the three-year program. Especially in consultations with the British and French delegations, it would be well to emphasize the need for continuing support of the three-year program while recognizing that it will doubtless be necessary to extend the term of this program probably at the next session of the Assembly. This means that we shall look to the British and the French for very substantial assistance on the financial side so that the program can be a genuine UN program.

4. We should not criticize without due reflection Arab leaders who frequently appear to be making the refugee issue a purely political matter and capitalizing on the refugee plight for immediate selfish political ends. We should inquire whether their fears of fur-

ther expansion by Israel are wholly without foundation before reaching such a judgment. It may be that an Arab politician who chooses to keep the refugee issue alive and not agree to resettlement is moved by conscientious considerations of the security of his own country and his own people which might possibly take priority in his mind over settlement of the refugee question. To allay Arab fears, whether they be legitimate or not, we should take every reasonable opportunity to keep alive the Tripartite Declaration of May 1950. Constant repetition of the terms of this document can serve a useful purpose whether or not it is possible for us eventually to strengthen its terms by making it an outright guarantee of territorial integrity. Again, the issue of the internationalization of Jerusalem has a direct bearing on the problem of Arab security and consequently of eventual Arab acceptance of resettlement. The presence of UN authority in the region, even if it involves reportorial functions only in relation to the holy places in Jerusalem and elsewhere, would serve as a steadying influence in the area. The UN authorities would be a manifestation of continuing interest and their presence would furnish the world with a listening post supplementary to the MAC's.

5. Evidence at hand indicates that the Israeli Government is reacting against plans now under foot to impound the waters of the Yarmuk River at a point on the border of Jordan and Syria some 40 miles from the mouth of the Yarmuk which joins the Jordan about 4 miles south of Lake Tiberias. These plans for the Yarmuk hold great promise. Officially, we are not yet prepared to take a position on the feasibility or legality of this project. It is under careful study and the UNRWA is presently contracting to obtain the best legal and engineering advice obtainable on the proposal. Until more information is at hand, it is not desirable to pursue the subject, except with our colleagues on the Advisory Commission in confidence.

6. Insofar as plans for the US financing are concerned, budget hearings relating to the area will take place early in November. In the meantime, the Department and DMS appear in agreement that we should seek an appropriation for 1954 for the UNRWA program in the amount of $65 million which will round out total contributions at 70% of the $250 million fund proposed for the three years ending June 30, 1954. The attitude of the Executive Branch appears to be united on meeting any reasonable request of the Arabs which will make it easier for them to accept the principle of using these funds for the rehabilitation of the Palestinians in countries prepared to cooperate to this end, and to sell this idea, so unattractive in the past, to their public.

7. Compensation is a thorny subject. While we are pressing the Israelis for payment to Arabs for property left behind in Israel, we must temper our moves with these considerations in the background:

(1) Israel cannot, for lack of funds, make any really substantial payments in the reasonably near future.

(2) The U.S. can hardly be expected to pay compensation for Israel over and above resettlement costs through UNRWA, and even if the US does so, the political effect of compensation would be neutralized if it were clear that the burden did not fall on Israel.

(3) Estimates of PCC experts indicate that on any reasonable estimates of total compensation, over half the refugees would receive little benefit, certainly not enough to reestablish their livelihood elsewhere. Contrarywise, a small group would probably be entitled to very substantial sums per capita.

No. 500

357.AC/10-952: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, October 9, 1952—5 p. m.

569. Embtels 438, [2] 542, [3] 551. [4] Gen Riley advises Israel Govt has not yet complied with his request re Mt. Scopus and has taken no position on subj in any communication to him. He believes disagreement may lie in his interpretation of July 7, 1948 agreement to effect UN observer is in command of demil zone Mt. Scopus, and in his view, validity maps dated June 16, July 7, and July 21, 1948 in delimiting demil zone.

He states sitn becoming increasingly embarrassing and fears continued failure IG comply with his requests may oblige him to inform Jordan of exact nature of his correspondence with IG (see Embdes 265, Sept 17),[5] which he feels wld have serious consequences. It wld give Jordan pretext for refusal continue abide by July 7 agreement, which Gen Riley has been at some pains to keep in effect pending implementation Art VIII armistice agreement or conclusion of peace. Without that agreement, Jordan may refuse to permit further convoys to proceed thru HKJ terr, which wld almost certainly be regarded as hostile act by IG.

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[1] Repeated to Amman, London, Paris, and Jerusalem (for Riley).

[2] Telegram 438 from Tel Aviv, Sept. 15, described General Riley's allegations of Israel's failure to comply, in the Demilitarized Zone of Mount Scopus, with his requests of Aug. 17 in accordance with the Mount Scopus Agreement of July 7, 1948. Riley requested the withdrawal of a check post, the elimination of an observation post, the filling in of semi-foxholes and slit trenches, and the destruction of a suspected mine field. (357.AC/9-1552)

[3] In telegram 542 from Tel Aviv, Oct. 6, Ambassador Davis reported in part that the British Foreign Office, concerned with a potentially explosive situation, had asked the British Ambassador to assess jointly with the French Chargé and Davis (1) Israel's case for her present attitude, and (2) the arguments for and against tripartite representation before the situation got out of hand. (357.AC/10-652)

[4] In telegram 551, Oct. 7, Davis reported that he had met on Oct. 6 with the British Ambassador and French Chargé to discuss the alleged failure of the Israeli authorities to comply with Riley's request. (357.AC/10-752)

Gen Riley believes accordingly that tripartite representation on Scopus might be timely and useful, especially if made under instrs from representative govts and not at his instance. Have requested appointment with Fon Ministry tomorrow with view to inquiring about status of relations with Jordan in general and Mt. Scopus matter in particular.[6]

Davis

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[5] Despatch 265 from Tel Aviv, Sept. 17, forwarded the texts of correspondence dated Aug. 17 and Sept. 12 from Riley to the Israeli Government. (357.AC/9-1752)

[6] On Oct. 10, the Department stated that it was authorizing Ambassador Davis at his discretion to join with the British and French representatives at Tel Aviv in an effort to minimize the importance of the apparent Israeli violation and to endeavor to prevent a repetition of the unfortunate situation created by the recent barrel incident. (Telegram 374 to Tel Aviv, Oct. 10, 7:36 p. m.; 357.AC/10-1052)

No. 501

357.AC/10-952: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY Tel Aviv, October 9, 1952—8 p. m.

572. For Dept only. Re Embtel 569.[1] At luncheon today Amb Eban, who expects leave Israel tomorrow, commented with obvious satisfaction on increased interest PriMin and other high officials IG in making real effort achieve peace with neighbors. He referred to earlier convs we had on this and said there had been great improvement in prospect for genuine effort this direction. He mentioned mtg expected to take place today between reps IG and Syria but remarked that relations with Jordan were causing concern.

This afforded me opportunity to express hope that now rise wld be precipitated in dealings on eve convening GA. He expressed interest in Mt Scopus question and Gen Riley who was present gave him brief summary of sitn. Amb Eban remarked that he cld not afford have dispute over matter of this kind precipitated at present and stated that he proposed to speak to PriMin Ben Gurion about it before he leaves. His opportune and able intervention at this level may serve to prevent crisis which is almost certain to develop if IG persists in refusal comply with requests chief of staff UNTSO re Scopus. On other hand Emb sees no reason why USG shld not agree to tripartite representation along lines contemplated by Brit Govt provided mtg with Fon Ministry rep tomorrow indicates such representations wld serve useful purpose.

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[1] *Supra.*

Davis

No. 502

357.AC/10-1752: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, October 17, 1952—6 p. m.

635. Comment on Embtel 629: [2] Representations auth Deptel 374 [3] were made yesterday to DirGen FonMin Walter Eytan, who is handling Scopus matter. Brit and Fr saw Eytan separately same day.

In discussion parallel was drawn between present controversy and that re Huleh last year when Israel based policy on legalistic position which did not prove convincing in SC and which resulted in sequence of events which were not to Israel's advantage. In present case there seems danger of repeating error to disadvantage all concerned, and plea was made for wholehearted immed compliance with request of UNTSO Chief of Staff as matter of policy and act of deference toward UN auth and responsibility.

Eytan readily admitted that blind adherence to legalistic position without proper regard for polit consequences might be unwise. He summed up argument in support Israel's position re Scopus as fols: (1) That present situation of observation post is within limits of Israel demil zone according to July 7, 1948 agreement, and compliance with Riley's request might later prejudice Israel's position this respect; (2) that request apparently based on interpretation that agreement to effect Israel limited to activities on Mount Scopus specifically authorized thereby, an interpretation which Israel does not accept; and (3) that Jordan had failed to act in accordance with agreements in more serious respects without UN taking any action. He illustrated by mentioning HKJ failure carry out Article 8 armistice agreement and violation Mount Scopus agreement by increasing number Arabs in Israel demil zone from less than 150 to about 1,000.

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[1] Repeated to London, Paris, Amman, and Jerusalem (for Riley).

[2] Telegram 629 from Tel Aviv, Oct. 16, reported that the representations authorized in telegram 374 to Tel Aviv, Oct. 10 (see footnote 6, Document 500) had been made that afternoon and were accorded a good reception. (357.AC/10-1652)

[3] See footnote 6, Document 500.

Throughout interview Eytan was careful to indicate that door had not been closed to possibility of compliance with Riley's request and that a policy mtg was yet to be held, before which he wld faithfully present our representations. He seemed to find persuasive the point that Israel shld avoid, if possible, any action which might detract from good effect of steps on sequence now being taken by IG to lessen Arab-Israel conflict.

Davis

No. 503

IO files, lot 71 D 440

Department of State Position Paper [1]

CONFIDENTIAL [Washington,] October 17, 1952.
SD/A/C.1/398/Rev. 1

The Palestine Question *

THE PROBLEM

To determine the position of the United States on the items under "The Palestine Question" which will be considered at the 7th General Assembly i.e., the report of the Palestine Conciliation Commission, [2] and the Arab and Israeli sponsored items alleging non-compliance of the opposing party with Charter obligations and United Nations resolution. [3]

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[1] For the instruction of the U.S. Delegation to the Seventh Regular Session of the U.N. General Assembly. An earlier version of this paper, SD/A/C.1/398, was dated Oct. 7. (IO files, lot 71 D 440)

* (A separate position paper on the Arab Refugee Relief and Rehabilitation item has been prepared.) [Footnote in the source text; this paper, dated Oct. 4, is Document 499.]

[2] Pursuant to General Assembly Resolution 512 (VI) of Jan. 26, the Palestine Conciliation Commission submitted its 11th and 12th progress reports (U.N. docs. A/2121 and A/2216) covering the period from Nov. 19, 1951 to Oct. 7, 1952. A supplement to the 12th progress report was issued on Nov. 24 to cover the period from Oct. 8 to Nov. 24. (U.N. doc. A/2216/Add.1)

[3] See the letter of Sept. 12 from the Permanent Representatives of Egypt, Iraq, Lebanon, Saudi Arabia, Syria, and Yemen (U.N. doc. A/2184), subsequently referred to the *Ad Hoc* Political Committee, which considered it at its 25th–39th meetings from Nov. 25–Dec. 11; and the Israeli complaint against the Arab States in letters to the Secretary-General of Sept. 14 and Oct. 9. (U.N. docs. A/2185 and A/2185/Add.1)

RECOMMENDATIONS

A. With respect to all the Palestine items:

1. The United States should urge that the items be considered together in the Political Committee when debate on the Palestine question is brought up.
2. The United States should coordinate its activities and views with the delegations of the United Kingdom, France, and Turkey, and other states as appropriate.

B. With respect to the Arab and Israeli sponsored items on noncompliance:

1. The United States should seek privately to discourage any prolonged debate on the allegations of the two parties on the grounds that prolonged acrimonious and futile debate has accomplished nothing in the past and will not now accomplish anything toward inducing a settlement of the outstanding differences in the Palestine question.
2. At an appropriate time the United States should publicly indicate in careful detail, as is suggested in the "Comment", its views on the matter of compliance by the parties with their Charter obligations and with United Nations resolutions.
3. In so far as Israel's allegations may relate to the matter of enforcement of the general armistice agreements, we should indicate that such complaints can presently be handled through the armistice machinery or the Security Council, which is still seized with the enforcement of the armistice agreements, and which has not requested recommendations from the General Assembly under Article 12.
4. Debate should be directed to the passage of a resolution calling upon the parties to settle their outstanding differences using the services of the Palestine Conciliation Commission if they so desire. (Part "A" of attached draft resolution.)

C. With regard to the report of the Palestine Conciliation Commission:

1. The United States in conjunction with other co-sponsors should be prepared to table, at the commencement of debate on the Palestine Conciliation Commission's report, a resolution looking to the continuation of the present limited activities of the Palestine Conciliation Commission on the Arab blocked accounts and on compensation of Arab refugees. (Part "B" of attached draft resolution.) Depending on the circumstances arising from the debate, this resolution might be separated from or combined with the General Assembly action suggested in recommendation B4 above.
2. In so far as it is deemed wise the Arab delegations and the Israeli delegation should be kept advised of our ideas on a resolution, or resolutions.
3. The United States Delegation, in discussing resolutions with other delegations should discourage and oppose any proposed resolutions, or paragraphs of resolutions which appear inconsistent with our stated position by calling for reaffirmation of or strict

compliance with earlier General Assembly resolutions e.g. partition plan of 1947.

4. The United States should give sympathetic consideration to well-considered proposals for changing the terms of reference or composition of the Palestine Conciliation Commission. (See part 2 of "Comment".)

COMMENT

1. Arab and Israeli Allegations of Non-Implementation of United Nations Obligations.

These allegations will be the main topic and focal point of debate. Accordingly we should urge that they be considered together. The Arab delegations have submitted the following item for inclusion in the provisional agenda "The Conciliation Commission for Palestine and its work in the light of the resolutions of the United Nations." Their accompanying explanatory memorandum indicated that emphasis would be laid by the Arabs on non-implementation of previous United Nations resolutions. The Israeli delegation has submitted the following item: "Violation by Arab States of their obligation under the Charter, United Nations resolutions, and specific provisions of the general armistice agreements concluded with Israel requiring them to desist from policies and practices of hostility and to seek agreement by negotiation for the establishment of peaceful relations with Israel."

The United States should seek privately to discourage any prolonged debate on the allegations of the two parties on the grounds that prolonged acrimonious and futile debate has accomplished nothing in the past and will not now accomplish anything toward inducing a settlement of the outstanding differences in the Palestine question.

We must bear in mind that the Arab League States in presenting their proposed agenda items, undoubtedly have as an objective forcing the United States and the other large powers into an open declaration that United Nations resolutions must be strictly complied with by the members directly involved. Alternatively, they desire to see us hold that United Nations resolutions can not be universally enforced. If we take the former position, we would be placing ourselves in the position of apparently endorsing the United Nations partition plan and the internationalization of Jerusalem envisaged in the November 29, 1947 resolution. We would also appear to be endorsing the repatriation provisions in the December 11, 1948 resolution. If, on the other hand, we hold that United Nations resolutions can not be universally enforced and complied with we will have placed ourselves in the position of discrediting the power and position of United Nations bodies (including the Palestine Conciliation Commission, the Mixed Armistice machinery, and the UNRWA) and will have provided the Arab States with a legitimate basis for holding that they need not comply with the resolutions calling upon them to negotiate a final settlement of their problems with Israel. In order to avoid being forced into one of these two positions it is proposed that the United States in consultations with other major delegations, particularly the United Kingdom, France, and Turkey (who normally have sponsored General Assembly and Security Council resolutions on the Palestine question) reach agreement that the following should be our common position.

1. The overriding obligation of every member in the United Nations is the settlement of disputes by peaceful means. This obligation exists under Article 2 of the Charter and exists whether or not resolutions of any body of the United Nations exist or come into existence for the purpose of achieving a peaceful settlement of a dispute. Resolutions of United Nations bodies are means to this end and are not ends in themselves.

2. Every member of the United Nations is obligated under the Charter to give the most earnest and respectful consideration to recommendations of the General Assembly. Compliance, in fact, is dependent upon the good faith and determination of the members directly involved to carry out the resolutions of the United Nations as a means of performing their obligations under the Charter. Where the parties affected by a resolution will not carry out, the United Nations must of necessity attempt to work out ways and means of achieving the final peaceful settlement of a dispute.

3. In the Palestine case, where the parties to the dispute have not fulfilled their overriding obligation to reach a peaceful settlement of their differences and United Nations resolutions have been passed and have not been complied with, the responsible bodies of the United Nations have had to try again through subsequent resolutions, to bring the parties in the dispute closer to a final settlement of their outstanding differences.

A brief history of the case in the General Assembly and the Security Council (and in the instance of Jerusalem, the Trusteeship Council) is to be prepared and should be used in discussions with other delegations to refresh their recollections as to the actual extent of compliance by both Israel and the Arab States. This history will show in brief: that the record of compliance by both Israel and the Arab States with the resolutions referred to has been poor; that to date, the only efforts at negotiation of a lasting peace in Palestine have been those undertaken by United Nations agencies; and that, while these efforts of the United Nations must continue, because the United Nations organs have indicated responsibilities in this matter, until the parties themselves are willing to face their primary obligation of peaceful settlement, the record of non-compliance with resolutions will continue to grow. It is believed that this exposition in talks with other delegations may be enlightening to these delegations and, in turn, have a sobering effect on the debate. In any event, it will tend to demonstrate our true impartiality toward the parties.

Unless the debate is unduly acrimonious, the sponsoring powers should indicate their belief that the presentation of the opposing views of Arab and Israeli delegations has cleared the air as to their impressions of the obligations of the other side. Debate should be directed to the passage of a constructive resolution calling upon the parties to settle their outstanding differences—utilizing the Palestine Conciliation Commission for assistance, if they so desire in the settlement of the Palestine dispute.

In so far as Israel's allegations may relate to the matter of enforcement of the general armistice agreements, we should indicate that such complaints can presently be handled through the armistice machinery or the Security Council, which is still seized with the enforcement of the armistice agreements, and has not requested recommendations from the General Assembly under Article 12.

It is probable that the Arabs in discussing their item will allude to the United Nations' failure to internationalize Jerusalem. While the point cannot be stressed too hard in reply that Jerusalem as such is not an item on the agenda, our answer to the Arab charges on Jerusalem should be that, while the United States continues to adhere to its position that there should be a special international regime to protect the holy places, until a satisfactory plan governing Jerusalem can be worked out in such a way as to obtain majority support in the United Nations and meet with the approval of the two occupying powers, the passage of any resolutions on the internationalization of Jerusalem will be futile.

2. The Palestine Conciliation Commission Report:

This report deals with the progress which, although slow, has been real during the past year in effecting the release the Arab blocked accounts and in taking further steps for the assessment and payment of compensation to the Arab refugees. (The Palestine Conciliation Commission has been attempting since 1949 to effect the "unfreezing" of the Arab blocked accounts which total about 25,000 in number and total approximately 14,500,000 dollars. As a result of the Commission's efforts during the past year Israel has agreed unconditionally to the release of these accounts and is prepared to make an initial payment of 2,800,000 dollars.) It indicates that the scope of the Commission's activities has been admittedly limited. In debate in the Political Committee the United States should commend the progress made and support by resolution the continued activities of the Palestine Conciliation Commission along the lines it is presently pursuing. While admitting this is a modest activity on the part of the Commission, a fact which warrants consideration, in connection with stepping up of the Commission's activities or expanding its terms of reference, is that the Commission, in the four years of its life, has had a most unhappy record of failure in attempting to make any progress toward a general political settlement on the Palestine problem. We should indicate that the likeliest progress toward settlement of the Palestine problem will be made in the smaller areas of endeavor, first, and the activities of the Palestine Conciliation Commission during the past year justify this belief.

Since it is suggested that [in] the Political Committee's debate the Arab and Israeli sponsored items and the Palestine Conciliation Commission's report should be considered simultaneously, we should be prepared with the suggested co-sponsors and other like-minded delegations to table a resolution at the commencement of debate which would continue the activities of the Palestine Conciliation Commission on its present modest basis. Consultation prior to the commencement of the debate may indicate that it would be undesirable to table a resolution immediately on the commencement of debate but the interested delegations should be prepared against a repetition of the situation which occurred in the *Ad Hoc* Political Committee in 1950 when the Egyptian delegation tabled a resolution concerning a new United Nations agency which would have had responsibilities with regard to the Arab refugees which it could not have carried out. This same resolution also sought to have the General Assembly declare that the refusal by any government to comply with the provisions of the resolution would prove the existence of the breach of the peace within Article 39 of the Charter. Therefore it would be wisest for the United States and the co-sponsors to have a restrained and sensible resolution ready for tabling so that it might be the first order of business. To the extent that such preparation should be made the United States Delegation should be ready to exercise initiative.

In so far as it is deemed wise the Arab delegations and the Israeli delegations should be kept advised of our ideas on a resolution, or resolutions.

The United States Delegation, in discussing resolutions with other delegations should discourage and oppose any proposed resolutions, or paragraphs of resolutions which appear inconsistent with our stated position, e.g. in calling for reaffirmation of or strict compliance with earlier General Assembly resolutions such as the partition plan of 1947.

The United States should be prepared to indicate that it would give sympathetic consideration to such well-considered proposals as may be forthcoming from various delegations for enlarging or speeding up the activities of the Palestine Conciliation Commission or for instituting some other United Nations method for reaching an early political settlement of the Palestine question. This indication of this Government's sympathy should come, however, *only* after it has become apparent that there is a genuine demand in the Political Committee for more extensive United Nations action in settling the Palestine question, or if it is apparent that our proposed resolution can not obtain sufficient support for adoption. While it seems unlikely that there will be much desire on the part of delegations to increase the functions of the Palestine Conciliation Commission, if such desire becomes manifest, the United States should urge that it be directed toward constructive and realistic means and methods of political negotiation between the parties. It is quite likely that there will be some move made by a number of delegations to increase the membership of the Commission. Our acceptance of such a suggestion should be contingent on two points: (1) That the addition of new members represents a large-scale manifestation of a genuine desire by the Political Committee to take measures which will in fact speed up an over-all settlement of the Palestine question; (2) That the Members to be added can establish their impartiality toward the parties in the Palestine question.

Alternative to considering an increase in the membership of the Commission the United States Delegation might raise with the French and the Turkish delegations the possibility that the three present members of the Commission withdraw and let an entirely new membership be named. Any such consideration as this would have to keep in mind the importance which we and the other members of the Commission might place in retaining the controlling position in the Palestine question.

[Attachment]

DRAFT RESOLUTION

The General Assembly

Recalling its resolutions on the Palestine problem:

A

1. *Notes* that the basic differences existing between the Arab States and Israel still stand in the way of settling the Palestine problem;

2. *Considers*, in accordance with the requirements of the United Nations Charter, that the Arab States and Israel have the obligation to settle their international disputes by peaceful means in such a manner that international peace and security and justice are not endangered and that they have the obligation to refrain in their international relations from the threat or use of force against the territorial integrity or political independence of each other or in any other manner consistent with the purposes of the United Nations;

3. *Urges* the governments concerned to seek agreement with a view to an early settlement of their outstanding differences in conformity with the resolutions of the General Assembly on Palestine, and for this purpose to make full use of United Nations facilities.

B

Having examined the progress report of the Conciliation Commission for Palestine (A/2216):

1. *Expresses* its appreciation to the Conciliation Commission for Palestine for the progress which it has made in assisting the parties to reach agreement on their outstanding differences;

2. *Notes* with satisfaction that the Commission is continuing these efforts pursuant to the General Assembly's direction;

3. *Considers* that the Conciliation Commission for Palestine should be available to the parties to assist them in reaching agreement on outstanding questions;

4. *Requests* the Conciliation Commission for Palestine to continue to render progress reports periodically to the Secretary General for transmission to the Members of the United Nations;

5. *Requests* the Secretary General to provide the necessary staff and facilities for carrying out the terms of the present resolution.

No. 504

262A.84A41/10-1752: Telegram

The Acting Secretary of State to the Embassy in Lebanon [1]

SECRET WASHINGTON, October 22, 1952—6:05 p. m.

769. Re Embtel 679 Oct 3 and 798 Oct 17. [2] Dept well aware growing Arab preference interpret Bonn-Israel agreement as being imposed on Germans by US. If US protests too much, Arabs feel their suspicions confirmed (Beirut 656 Sept 30) but silence also can be interpreted as sign guilt.

Dept suggests that on all appropriate occasions NE Missions might try divert Arab attn by stressing (1) successful conclusion Bonn agreement underscores and makes more feasible Israel's obligation for Pal refugee compensation; (2) successful efforts PCC on Israel release blocked Arab accounts; (3) PCC progress with Israel on determination of Arab property losses.

BRUCE

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[1] Repeated to Amman, Cairo, Baghdad, Damascus, and Bonn.
[2] Neither printed.

No. 505

357.AC/10-2352: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, October 23, 1952—1 p. m.

665. During recent months there has been marked improvement in attitude of Israel leadership and [garble] interest in making peace with neighbors and becoming integrated in region. Israelis have commenced develop plans for all-out effort this direction, and have taken some important steps such as announcement of their readiness make available one million pounds sterling toward unblocking Arab accounts, confirmation of their acceptance in principle of obligation to pay compensation outside general peace settlement, PriMin's public peace bid to Egypt, change of policy to one of readiness to meet Arab reps at any time to discuss any subject, removal of Sgan Aluf Shaul Ramati who in past represented "treat

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Damascus, London, and Paris; sent by pouch to Jidda, Ankara, and Jerusalem.

em rough" school (Embtel 638 [2] and Jerusalem ConGentel 43 to Dept) [3] and compliance last Sunday to UNTSO Chief of Staffs request re Mt. Scopus (Embtels 635 [4] and 648). [5] In addition foregoing, highest officials of IG have taken occasion to make public govts interest in regional peace, e.g. acting Pres's New Years Msg (Embtel 486). [6]

This change in policy and interest confirmed by Eban and Kollek, who in past have cooperated to bring about such change and who discussed with me last year desirability seeing IG become more sensitive to Arab opinion and avoid conduct that needlessly worsens relations (Embtel 627 Dec 27, 1951 [7] and 725. [8] Both have told me recently formerly negative attitude towards seeking improved Arab-Israel relations has given way to different atmosphere stemming directly from PriMin who dominates polit thinking of govt. Eytan tells me Shiloah is to be utilized in carrying out plans for implementation new policy, and latter said yesterday Arab broadcasting facilities are being increased and improved.

Several Israelis including Kollek estimate lifting blockade wld enable IG pay substantial compensation. They believe they cld save in transportation and services alone 20 to 30 million dollars per annum, half of which wld result from POL shipments if permitted come through canal. Real savings of course wld result from lessened mil expenditures and benefits of two way trade.

Foregoing is good as far as it goes, but as long as no Arab leader dares conclude any agreement with Israel even if clearly to advantage of Arabs (Embtel 105), [9] advantage of Israel change may be lost. It has been suggested to Israelis that they may have underestimated importance to them of Pal Arabs, who have been active in influencing Arab Govts and Arab League to assume uncompromising position and yet who stand to benefit most if Israel is enabled to negot directly with them and settle local national and regional problems. This aspect of matter was discussed recently with Fritzlan during his visit to Tel Aviv. It becomes important therefore to endeavor convince Arabs of desirability reach agreements before another period of discouragement and defeatism sets in in Israel.

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[2] Telegram 638 from Tel Aviv, Oct. 17, reported on the replacement of Lieutenant Colonel Ramati by Lieutenant Colonel Cnaim Gaon as Senior Israeli Delegate to the Mixed Armistice Commission. (674.84A/10–1752)

[3] In telegram 43 from Jerusalem, Oct. 19, Consul Tyler reported on a conversation with Ramati. (357.AC/10–1952)

[4] Document 502.

[5] Telegram 648 from Tel Aviv, Oct. 21, contained the text of a message of Oct. 20 from the Israeli Government to General Riley indicating Israeli compliance with his requests concerning Mount Scopus, on the condition that they did not prejudice Israel's rights in the Mount Scopus area. (357.AC/10–2152)

[6] Telegram 486 from Tel Aviv, Sept. 24, contained an excerpt from the Jewish New Year's message of Acting President Sprinzak to the citizens of Israel expressing the wish for peace with Israel's neighbors. (780.00/9–2452)

[7] For text, see *Foreign Relations*, 1951, vol. v, p. 1332.

[8] Document 385.

[9] Document 458.

DAVIS

No. 506

783.00/9-2552: Telegram

The Acting Secretary of State to the Embassy in Syria [1]

SECRET WASHINGTON, October 24, 1952—5:57 p. m.

265. Urdes 185 Sept 25 contains valuable info re possible Shishikli conditions for settlement of certain problems with Israel. Question arises as to how to utilize these suggestions. Israelis continually complain, with some justification, that Syrs unwilling even discuss any of problems contained in refdes. (Example: Syr postponements and restricted instructions Oct 9 mtg.) Dept therefore desires know under what conditions Syrs will discuss these problems. Also, can Dept make known Syr terms to Israel Gov without of course revealing source? Such an approach wld be made to ascertain whether or not possibility for negotiated *modus vivendi* between Syr and Israel exists.

BRUCE

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[1] Repeated to Tel Aviv.

No. 507

680.84A/9-2452: Telegram

The Acting Secretary of State to the Embassy in Israel

CONFIDENTIAL WASHINGTON, October 31, 1952—7:36 p. m.

456. Quoted hereunder is text note delivered Sep 24 by Israel Emb. Similar notes delivered same day to Brit and Fr Fon Offices. Dept desires you make oral reply IG within few days after receipt instrs now being drafted. Understand Brit reply to be made London. Fr plans not known. Suggest you advise your Brit and Fr colleagues proposed action. IG note fols:

"The Ambassador of Israel presents his compliments to the Honorable the Secy of State and has the honor to inform him that his Govt is deeply perturbed over recent reports indicating the resumption of mil aid by the Western Powers to certain Arab States, contemplated in apparent disregard of the part these States play in maintaining a state of ominous instability in the Middle East.

Since the hostilities between the Arab States and Israel were terminated by the Armistice Agreements of 1949 no further progress has been made toward the conclusion of peace or to the settlement of all outstanding questions between them and Israel as requested by the UNGA on Dec 11, 1948 and by the Security Council on Aug 11, 1949.

On the contrary, the Arab States in violation of the Armistice Agreements, the res of the SC, and of the UN Charter, have continued to maintain an econ boycott against Israel, have sought to undermine the territorial integrity of Israel by permitting armed infiltration across the borders, and have repeatedly and publicly threatened a resumption of hostilities against Israel.

Moreover, Egypt has consistently interfered with the normal transit of ships and goods bound for Israel through the Suez Canal in defiance of the res of the SC sponsored by the Powers from which mil aid is now being sought.

The chronic instability of the Arab countries, rooted in their backward social and econ conditions and in their antiquated regimes, has recently found expression in polit upheavals, abrupt changes of govt, disintegration of parliamentary life, and in the emergence of mil or semi-mil dictatorships, some of which have tried to divert attention from their internal difficulties by inflaming public sentiment against Israel.

The coming into force of the Arab League's Collective Security Pact, after its ratification by four signatory countries, Egypt, Syria, Jordan, and Iraq, serves further to emphasize the danger to the security of Israel from Arab hostile policies. The origin of this Pact and the explanatory statements of its nature and purpose made by Arab leaders from time to time, leave no room to doubt that its sole aim is to create a mil alliance directed against Israel.

These facts form the background of Israel's security problem which is twofold in character. Like other States, large and small, Israel must take into account the existing internatl tensions and be prepared and equipped to defend its independence, terr and way of life, in cooperation with other countries. The situation around its borders imposes an additional burden of vigilance and preparation.

Under such circumstances any increase of the mil strength of the Arab States has a direct impact on Israel's security, and inevitably causes heightened tensions in the area, and provides a stimulus for aggressive designs. It further promotes an arms race at the expense of the social progress of the countries involved.

The Govt of Israel submits that mil aid to the Arab States shld be made contingent on a genuine and declared willingness of the receiving govts to negot a peace settlement with Israel.

The Govt of Israel takes this opportunity to repeat once again its readiness to enter into such negots immed with any or all Arab States."

BRUCE

No. 508

Resolution 614 (VII), Adopted by the United Nations General Assembly on November 6, 1952 [1]

The General Assembly,

Recalling its resolutions 194 (III) of 11 December 1948, 302 (IV) of 8 December 1949, 393 (V) of 2 December 1950 and 513 (VI) of 26 January 1952,

Having examined the report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East [2] and the special joint report of the Director and the Advisory Commission of the United Nations Relief and Works Agency, [3]

Noting that negotiations have taken place between the Agency and governments of Near Eastern countries under the programme approved in resolution 513 (VI),

Having in mind the goals for the reduction of relief expenditure envisaged in the three-year $US 250 million relief and reintegration programme, approved by the General Assembly in its resolution 513 (VI) without prejudice to the provisions of paragraph 11 of resolution 194 (III) or to the provisions of paragraph 4 of resolution 393 (V) relative to reintegration either by repatriation or resettlement,

Recognizing that immediate realization of these goals has not proved possible and that increased relief expenditures are therefore required, with a resultant reduction in the reintegration funds,

1. *Authorizes* the United Nations Relief and Works Agency for Palestine Refugees in the Near East to increase the budget for relief to $23 million for the fiscal year ending 30 June 1953 and to make such further adjustments as it may deem necessary to maintain adequate standards; and to adopt a budget for relief of $18 million for the fiscal year ending 30 June 1954 which shall be subject to review at the eighth session of the General Assembly;

2. *Authorizes* the United Nations Relief and Works Agency to allocate funds remaining for reintegration according to time schedules deemed appropriate up to 30 June 1954;

3. *Requests* that negotiations regarding contributions for the programme be carried out with Member and non-member States by the Negotiating Committee for Extra-Budgetary Funds.

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[1] Approved by the General Assembly at its 391st plenary meeting, Nov. 6, 1952, by 48 votes to none, with 6 abstentions.

[2] U.N. doc. A/2171.

[3] U.N. doc. A/2171/Add.1.

No. 509

683.84A/11-652: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, November 6, 1952—6 p. m.

345. Pass Defense. Deptel 265, Oct 24. During five hour session evening Nov 3, Shishikli furnished further details his views on division demil zone (Legdes 185, Sept 25). His aim is establishment of durable frontier line and elimination demil zone with its concomitant incidents and irritations not settlement of all issues with Israel. He envisions frontier line from Tel al-Qadi in southerly direction to "east branch Jordan" (presumably Banias River), thence via most easterly regular water course to Lake Huleh thence down middle Huleh and Jordan through middle Lake Tiberias. Any reclaimed areas east this line shld become Syrian. Shishikli indicated willingness frontier north Huleh be delimited by three-party commission including neutral whose vote wld be decisive but said he thought geography wld dictate line. Frontier thus formed wld be "closed" to normal intercourse. Population wld be exchanged between central demil zone and southern zone, Arabs emigrating to Syria, Jews to Israel. The two govts wld exercise undisputed control each on its own side of frontier. Subordinate questions such as water rights need be no obstacle. Whether foregoing represents Shishikli's minimum demands or merely his starting point for negot can be determined only by engaging in discussion.

Re initiation bilateral talks on foregoing, Shishikli stated he had communicated some time ago to Gen Riley Syrian desire replace demil zone with definite frontier and move was taken by Syrians in MAC to seek solution (Legtel 649, May 5 and Tel Aviv Embtel 1191, May 13). This Syrian initiative was frustrated at Oct 9 mtg by Israeli insistence on discussion of wider issues. Shishikli is still ready to discuss frontier settlement beginning with MAC mtg. If warranted by MAC contacts "formal mtgs" including reps FonOffs cld be held after an endeavor reach agreement. He suggested I discuss foregoing with Gen Riley or with Col Taxis who more easily available here.

I said it was opinion our Amb Tel Aviv that Israel better disposed than formerly to endeavor such agreement with Arabs, to which he replied all wld be well if Israelis motivated by good will.

Foregoing supplements info Legdes 185 re GOS position division demil zone which not entirely unknown Israeli auths (cf. Jaddid's statement reported in Jerusalem tel 40, Oct 11, para 4, [2] Ramati's remarks in Jerusalem tel 43, Oct 19 [3] and other previous correspondence). Since Shishikli showed preference for continued direct negot with Israelis through MAC, I did not ask specifically whether his statements cld be made known Israel by Dept. [4]

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[1] Repeated to Tel Aviv, Amman, Ankara, Baghdad, Beirut, Cairo, Jerusalem, Jidda, Rome (for Unger), London, Moscow, and Tripoli.

The unsatisfactory outcome of the Syro-Israeli mtg of Oct. 9 (pattern accurately forecast by Legdes 317, Dec 5, 1951, para C) [5] is liable to be repeated in further mtgs unless both parties agree in advance what subjects are to be discussed. There is every reason to believe (despite Tel Aviv Embtel 68, Oct. 23 [6] containing reference inconsistent with text Tel Aviv Embtel 105, July 20) that Syria is ready to reach an agreement for the elimination of friction along the Syro-Israeli frontier. Israelis aware of this fact and have shown disposition to criticize rather than to negot. Israel on the other hand, has indicated an interest in peace treaty and trade relations. The Syrian Govt is not prepared to go so far. It is doubtful that the Syrian people would accept peace treaty, though they wld like more peaceful relationship along the frontier. Only boycott of Israel is important feature of Syrian policy.

There is thus no present prospect of agreement between Israel and Syria on peace and commercial relations, and the interval between the current "cold war" and peace is too great to be traversed in one leap (or closed by one agreement). It might, however, be traversed in several successive steps over period of years, if both Syria and Israel wld concentrate on reaching agreement where agreement is possible, leaving ultimate and final solutions to day when more favorable. Dif points of friction and irritation are eliminated progressively and mutual confidence established, peaceful relations, including trade, will inevitably follow.

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[2] In telegram 40 from Jerusalem, Oct. 11, Consul Tyler related General Dayan's account of the Syria-Israel "high-level talks" of Oct 9. Dayan reportedly asked Jaddid, the Syrian Delegate, if he would divulge the basis of Syria's proposals; Dayan was reportedly greatly pleased by Jaddid's frank reply indicating that Syria desired division of the demilitarized zones, the establishment of a single boundary, and fishing rights on Lake Tiberias. (784A.00/10-1152)

[3] Not printed, but see footnote 3, Document 505.

[4] A memorandum detailing that portion of the conversation of Nov. 3 between Moose and Shishikli relating to a possible division of the Syria-Israel demilitarized zone between the two countries was sent to the Department as enclosure 1 to despatch 279 from Damascus, Nov. 6. (683.84A/11-652)

[5] Paragraph C of despatch 317 from Damascus, Dec. 5 (357.AC/12-551) referred to the proposed Armistice Conference mentioned in telegram 137 to Damascus, Oct. 4 (printed in *Foreign Relations*, 1951, vol. v, p. 1243), stating that the Syrians certainly hope and intend that the aim of such a conference would be "the definitive settlement of the status of the Demilitarized Zone. They are prepared to give Israel carte blanche in its share of the Zone and would claim the same rights in their share. The boundary of Israel would be just as final as the others, all of which are of course established by Armistice Agreements, not by peace treaties. However, Syria is unwilling to call a formal conference at which the Israelis would first raise questions like economic relations and would then, following the inevitable Syrian response, break off negotiations with the familiar charge that the Syrians are blocking progress toward peace. This was the only outcome of the informal Syrian proposal last summer when the Israelis replied that they would have to discuss 'all outstanding problems', not merely the Zone. The Legation concurs that such a sequence of events could serve no useful purpose."

[6] A repeat of telegram 665 from Tel Aviv, Document 505.

The Syrian auths appear to be ready to embark on such course, though references to "peace" and "final settlement" should at this stage be employed with caution. In the hope of reaching eventual peace by successive steps, the Emb urges Department and Emb Tel Aviv to encourage Israel to give practical demonstration of its desire to become integrated in NE by discussing and, if possible reaching an agreement with Syria to divide the demil zone. Shishikli has indicated his willingness to begin discussion through MAC mtgs. Shld the Dept or Israel have reason for suggesting another channel of communication Shishikli wld probably agree.

MOOSE

No. 510

783.5 MSP/11-652: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, November 6, 1952—8 p. m.

346. Dept pass Amman and Defense. In conversation reported Embtel 345, Nov 6, Col Shishikli mentioned US aid remarking that I had not raised this subj. He repeated four points made his previous conversation with Min Cannon.

1. The standard agrmt shld be modified fit special conditions in Syria. I replied that if wording of standard agrmt sole obstacle, feel sure changes cld be made standard text as long as it conformed applicable provisions of law.
2. Col. Shishikli stated Syria, as poor country, cld not make substantial contributions to project surveys. I replied wld inquire whether arrangements cld be made so that surveys not unduly burden Syrian treasury.
3. Col. Shishikli said Syria has no funds for construction capital works after surveys completed. IBRD loans had disadvantage high rate of interest. I replied TCA was basically program technical assistance, but some contributions supplied by US was feature most TCA programs. I warned that TCA cld not be Syria's principal source of investment capital and that Syria shld look to such sources as IBRD and UNRWA.

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[1] Repeated to Amman, Beirut (for Locke), London, and Paris.

4. Shishikli asserted Syria urgently needs arms in addition to capital works. I replied that 408 E agrmt wld make Syria eligible buy certain arms from US. He countered that if Syria had funds he cld buy all arms he wants. All his remarks subj aid indicated he wished aid program Syria be patterned after that of Turkey rather than after those in Lebanon, Jordan. I explained Turkish programs carried out under different provisions of MS legislation than TCA program.

Shishikli then referred means raising funds for Syria and suggested first tax on TCA equipment and supplies and, second special contribution by petroleum companies whose pipelines cross Syria. When I expressed undesirability and unlikelihood of both proposals he commented wryly his suggestions seemed unacceptable but expressed confidence in the end way wld be found to execute bilateral assistance program to mutual benefit.

Since it is clear Shishikli desires grant aid, answers fol questions needed for further discussion.

1. How much of $10 million originally programmed FY 1953 still available?
2. Shld Syrians be encouraged to hope for grant aid either by provision local currency financing or any other device?

MOOSE

No. 511

680.84A/11-752

Memorandum of Conversation, by Robert L. Burns of the Office of Near Eastern Affairs

SECRET [WASHINGTON,] November 7, 1952.

Subject: Visit of Ambassador Eban regarding (1) Israel-Arab relations; (2) NE security and military assistance; (3) PCC; and (4) territorial adjustments.

Participants: Ambassador Abba Eban, Israel Embassy
Mr. David Goitein, Minister of Israel Embassy
Mr. Byroade—NEA
Mr. Burns—NE

Ambassador Eban, at his request, called on Mr. Byroade at 3:00 p. m. today to discuss Arab-Israel peace prospects and the Near East security situation.

The Ambassador began by stating that the Israel Government had noted only a "change of atmosphere" in Israel-Arab relations, but nothing more substantial. There were increasing contacts abroad between Israel and Arab officials, but the Egyptians had become disinterested; their emphasis was now being placed on the North African issues. There had been a "retreat" in the Egyptian press, which was resuming its previous hostile attitude toward Israel. General Naguib's overtures to the Egyptian Jewish community were being explained as domestic moves without international implications, and it was being said that Egypt would follow the Arab League's policies vis-à-vis Israel. In short, if a change in the Egyptian attitude was developing, it was extremely slow in coming about.

Mr. Byroade agreed that there had been no really important developments but that a change of atmosphere must precede other more tangible evidences of a change in the Arab position regarding Israel. He was pleased with the changed atmosphere which had taken place within the Israel Government regarding Israel's policies toward the Arab states. A lengthy cable had just been received from the Embassy at Damascus [1] setting forth Shishikli's views on how the Israel-Syrian border problem could be resolved. These views would be studied. If possible they should be moved on; a settlement of this problem should not be postponed until an overall settlement can be reached between Israel and Syria.

With regard to the security situation in the NE, the Ambassador stated that military aid to the Arab states should be linked with an indication of a change in their attitude toward Israel. The UK's dispatch of arms to Egypt causes Israel concern, as does the UK's offer of jets to Israel and various Arab states. Israel intends to reject the British offer and argue what Israel considers to be a wrong interpretation of the tripartite agreement on the furnishing of arms to NE states. Israel would much rather see these jets withheld from the Arabs even if it means they would be denied Israel as well.

Mr. Byroade stated that the question of Egypt required frank discussion. Egypt has received nothing from the West in return for the cooperative attitude which it has shown. There is no chance of General Naguib and his government remaining in power if there continues to be an imbalance between Egypt's more helpful attitude and the lack of concrete assistance from the West. There are four major matters concerning which Egypt's cooperation is needed: settlement of the Anglo-Egyptian dispute; the organization of a NE defense arrangement; Israel-Arab peace; and a helpful attitude in the Arab League. Naguib has turned to the West for assistance and the West has been haggling too much over how this should be accomplished, with the result that very little aid has been forthcoming. The UK grudgingly had released the jets which

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[1] The reference is presumably to telegram 345 from Damascus, Document 509.

Egypt already partially owned. The West must be more forthright in helping Egypt, through such means as buying its cotton and providing military and financial assistance. Peace between Egypt and Israel can be one of the objectives toward which we can work in connection with Western assistance to Egypt.

The Ambassador agreed that the West must give something to Egypt if it is to gain influence in that country. Israel has only one quarrel: the West is placing economic aid and military aid on the same footing. Israel would be glad to see Egypt furnished economic assistance; this would be a real contribution toward stability in the NE. But military aid is not what Egypt needs and is not a contribution toward stability. Mr. Byroade pointed out that the Egyptian Army, having led the change in government in Egypt, is not an effective military force and the West must give something to those who came to power on a platform of ridding the army and government of corruption. Egypt is not being considered as a potential bastion of defense in the ME; we are looking more to Turkey and Pakistan to play that role. However, for a small amount of transportation, signal and other equipment we stand to gain a lot in Egypt.

The Ambassador commented that this was a peculiar situation: The US supplying arms to a country which is at war with a country with which the US maintains friendly relations. Mr. Byroade questioned whether in the event that Israel should present the US with a request for military assistance, Israel would want the US to require that the furnishing of such aid be preceded by full peace with the Arabs. The Ambassador replied that in such a case it would be logical for the US to require a country to indicate its readiness to conclude peace.

As regards the UK's offer of jets to Israel and various Arab states, Mr. Byroade said that this had come as a complete surprise to us, that it was a move taken at the instance of Churchill and that we had informed the UK of our concern over such action. It appeared that the UK offer was made solely on economic grounds.

Mr. Byroade pointed out that the US Government is criticized daily because of the large amount of economic aid which it has provided Israel compared to that which has been made available to the Arab states. The Ambassador emphasized that this is economic, not military, aid. Mr. Byroade explained that the Arab states know that if it were not for the economic assistance which Israel has received, Israel would be unable to maintain its military establishment. Mr. Byroade said that it was his personal opinion that Israel has a larger military establishment than it needs. In any event he could not see Egypt attacking Israel after receiving military aid from the West. He had been thinking of ways of putting teeth in the Tripartite Declaration of May 1950, and with the West supplying arms to the area it would seem that the West would be in a more authoritative position when it comes to forestalling aggression within the area.

The real need however is to redirect Arab fears from Israel to the threat from the north.

The Ambassador stated that Israel is willing to enter into a defense organization in connection with its application for arms aid and is anxious to obtain a response to its formal *démarche* regarding military aid, particularly since the trend in American foreign aid seems to be toward military aid on strategic grounds rather than aid on basically economic grounds. Israel aspires to achieve the same relationship with the US as that enjoyed by the "Greco-Turkish family", and therefore Israel's request for aid is also an offer of a stronger more binding relationship with the US and the Western security system. It appears that Israel constitutes the first instance of a country "knocking on the door" for admission into the defense system of the West, and not being admitted.

Mr. Byroade described the primary US objective as a NE with some prospect of area defense. At this stage many states in the area are not friendly toward the US. On the other hand, Israel is not threatened, and is far ahead in its military potential. If the US were to accede to Israel's request that military aid not be provided these states, the US would be much less likely to realize its primary objective in the area. He did *not* agree that the US should *not* entertain Egypt's request for nominal assistance. The US is not contemplating anything which would be harmful to Israel.

The Ambassador concluded the discussion of this subject by saying that Israel's first objective had been that there be no increase in the overall military strength of the Arab states. However, if that was not possible because of overriding political considerations, Israel's alternative would be also to receive military aid.

The Ambassador then turned to the subject of the PCC. Israel's position is that if the PCC is to continue it should do so as presently composed, treating with such subjects as blocked accounts and compensation. Also, its present terms of reference should be maintained. It has been rumored that the Arabs are interested in enlarging the Commission to a seven-member body, including Pakistan and a Latin American state. Israel wishes to see the Commission's mediation role played down and responsibility placed upon the parties to enter into direct discussions. The Ambassador observed that the UN was not devised as a substitute for direct diplomacy. A group of states (Canada, Mexico, Australia, New Zealand, Netherlands, Ecuador and others) appear ready to propose at the General Assembly that Israel and the Arab states settle their problems directly, while in no way inferring an abolition of the PCC. Israel requests US support for such a move, and would hope for UK, French and Turkish support as well. It would not be Israel's intention to have these four powers take the initiative unless they so wished. Mr. Byroade said that he could think of no objection to such a proposal.

The Ambassador stated that Prime Minister Ben Gurion's position on arriving at border settlements with its Arab neighbors is that an offer of territory in the course thereof is the biggest card that a country can play, and therefore one that should be kept as a trump. As a consequence the Prime Minister's idea on a border arrangement per se, and a border arrangement as a part of an overall peace settlement, are quite different.

Mr. Byroade concluded the conversation by saying that he wished to talk again with the Ambassador, especially with a view to avoiding misunderstandings of what the US is attempting to accomplish in Egypt.

No. 512

680.84A/11-1152: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, November 11, 1952—10:47 a. m.

493. Deptel 456 Oct 31. Fol paras provide basis for replying orally to IG Note quoted reftel. Inform Dept in advance date reply to be made.

1. USG believes some progress toward conclusion of peace has been made during past year and is optimistic re possibilities for future. Evidence of this progress may be found in exchange of communications and mtgs of representatives of Israel and some Arab states, improvement in attitude of Israel leadership and increased Israeli interest in making peace with neighbors and becoming integrated in region, and the decrease in hostile statements toward Israel by certain Arab states.

2. USG is aware of difficulties to be overcome in creating atmosphere wherein normal conditions may be restored to Near East and is endeavoring to overcome difficulties.

3. USG has no info that indicates Arab states planning resume hostilities against Israel. On other hand, USG does have info which indicates Arab states generally fear Israeli aggression. Overcoming

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[1] Repeated to London, Paris, Ankara, Cairo, Amman, Beirut, Damascus, Baghdad, and Jidda.

of these mutual fears wld contribute substantially to restoration of normal conditions in area.

4. Tripartite Declaration of May 25, 1950 continues to be basic tenet of US fon policy concerning Near East. This fact shld be deterrent to aggression in that area.

5. USG is not aware of "resumption of mil aid by Western Powers to certain Arab states". However, shld USG furnish arms to any Near East state, it wld be primarily to enable that state to resist aggression from outside the Near East.

6. USG will continue to work toward estab of normal relations between Israel and Arab states. USG believes however that to condition aid on a "declared willingness of receiving govts to negot peace settlement with Israel" wld be most inappropriate.

To deny Arab states reasonable quantities of arms assistance wld not, in USG view, create climate which is neces prelude to US efforts to normalize conditions in NE.

7. USG wld deplore arms race between Near Eastern states and wld endeavor take precautionary measures against it. [2]

Bruce

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[2] Ambassador Davis reported that in a meeting with the Israeli Foreign Minister on Nov. 14 he replied orally in accordance with these instructions. (Telegram 788 from Tel Aviv, Nov. 14; 680.84A/11-1452)

No. 513

786.56/11-1152: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET Tel Aviv, November 11, 1952—1 p. m.

776. Embtels 409, 420 and 513. [2] Israel is definitely concerned over arming of Arab countries before latter are willing move toward area peace. Israelis reason that maintenance of blockade and refusal negot settlement can only mean Arabs cling to determination destroy Israel if possible. Hence they view Arab armament as threat to their existence in present circumstances.

Altho they understand statements by Arab leaders are made largely for local polit effect and discount them accordingly, such statements are nevertheless given publicity here and tend to increase uneasiness. There have been many examples, of which latest is item in Sunday's press based apparently on monitored radio broadcast of speech Shishikli made to graduates of Syrian staff college. He is reported to have said Syria has "enormous reserves" of trained manpower and modern arms to be used "as soon as the hour strikes. Our eyes are turned toward the great Arab fatherland and we shall no longer stand idle regarding that part which has been stolen by fon thieves". At same time the foregoing appeared there was a further item in press reporting that two of 12 Brit meteor jet fighters sold to Syria had passed through Cyprus enroute to Damascus and that Syrian pilots had been trained in Great Brit to fly the planes in question while more were to receive training in air force bases in ME.

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[1] Repeated to London, Cairo, Baghdad, Beirut, and Damascus.

[2] Dated Sept. 11, 12, and 30, respectively; none printed.

Emb comment: As indicated Embtel 420 and other reports, believe jet deal to be inconsistent with policy laid down in tripartite declaration of May 1950 to avoid inducing an arms race in ME. The selling of jet planes and other arms to Arab countries apparently without any undertaking on their part to liquidate the regional dispute cannot but induce an arms race which Israel and possibly other countries concerned cannot afford. Whether others think so or not, this country convinced its existence is in jeopardy, and despite its extremely difficult econ situation it will strain to utmost to keep itself prepared to meet any combination of its neighbors in present circumstances. While US is earnestly advising Israel to effect economies, adopt realistic fon currency budget and live within its means, it seems quite inconsistent for USG to approve arms sales which we know will have seriously adverse and possibly disastrous effect on Israel economy. Assurances that arms will be utilized exclusively for self-defense have little value without prior area settlement. It is believed that Western nations have endangering [*endangered*?] regional plans for polit stability, econ improvement and arms defense by actions of kind in question.

DAVIS

No. 514

683.84A/11-1252: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, November 12, 1952—11 a. m.

354. Embtel 345, Nov 6. Pursuing Shishikli suggestion reported in reftel I have discussed with Taxis possibility division Syro-Israeli

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[1] Repeated to Tel Aviv, Amman, Ankara, Baghdad, Beirut, Cairo, Jerusalem, Jidda, Rome (for Unger), London, Moscow, and Tripoli.

demilitarization zone. He confirmed that in May or June 1951 Syrian representatives had proposed division in MAC meeting and Israeli reps had refused to discuss better frontier arrangements except as part of peace treaty. Positions of both parties remained essentially unchanged through Oct 9 meeting where Taxis says Israeli reps were forbidden by their instructions to discuss division zone (para 1 Jerusalem Contel 40, Oct 11).[2]

Taxis believes that Dayan, Sharrett and Kollek favor discussing division with Syrians but that decision will be made by Ben Gurion who has hitherto demanded peace negotiations. Initiative is now with Israelis, and Taxis hopeful they will call MAC meeting before long to explore possibilities of division. Foregoing should be used with care to avoid prejudice to Taxis position in MAC.

The Dept may wish to point out to Eban and through him to Ben Gurion that Israel now has the opportunity for direct negotiation with Syria for which Eban indicated desire to Jernegan Oct 20 (page 3 of memo of conversation).

MOOSE

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[2] Not printed, but see footnote 2, Document 509.

No. 515

262A.84A41/11-1252: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET NIACT CAIRO, November 12, 1952—2 p. m.

1182. Naguib asked to see me this morning to tell me that Arab League Polit Comite mtg last evening decided to delegate him to endeavor to persuade me to recommend to State Dept that US Govt counsel Bonn Govt not to ratify Israeli Agrmt. I told Naguib that I would report what he said to Wash but that I must tell him frankly that State Dept cld not so counsel Bonn Govt. He went on to say that feeling is very high indeed in Arab States as they are extremely unhappy about effect nearly a billion dols wld have on Israel econ. Israel they fear wld become a menace to very existence of Arab States. He said again that most Arab dels believe that Bonn made agrmt only because of US insistence. He observed that he has prevented local press from overexploiting this.

He emphasized that in his opinion all this Israel business is extremely unfortunate just when he felt that Egypt and US were growing closer and closer and even a settlement of the difficulties with Great Brit seemed to be in sight. He said he could not predict just what effect this controversy would have on our future relations. He gave me to understand that he had talked other Arab States out of breaking off commercial relations with Ger at this time. Altho the final test of the League's note to Gers has not yet been agreed upon it will possibly include a declaration that commercial relations between Arab States and Ger will be interrupted if and when Bundestag ratifies Agrmt with Israel.

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[1] Repeated to Bonn, London, Paris (for Reinhardt), Rome (for Unger), Tel Aviv, Ankara, and the Arab capitals.

CAFFERY

No. 516

683.84A/11-1352: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, November 13, 1952—10 a. m.

779. Re Damascus Embtel 345 to Dept. [2] It is believed crux of difficulty is summed up in Damascus desp 185 [3] in statement to effect Colonel Shishikli wishes *modus vivendi* (rather than a permanent settlement) that will last "only until such time as Arab rights can be effectively reasserted." Israel on other hand wants econ and polit as well as mil peace which will permit it to become integrated in the life of the ME. Unless Israel can convince the Arabs that they have much to gain from peace, there wld seem little immediate chance for real progress toward area stability and defense.

Israel is interested in a durable frontier and might be ready to eliminate the demilitarized zone as the price for peace and friendship, but for a closed frontier, no peace and a continuation of the blockade the proposal outlined in reftel will have little appeal to the Israelis. Thus Emb believes that however slight the chances of success may be we shld continue to encourage both parties to negotiate directly with each other in the hope that a basis for some progress toward settlement will be found. IG has now expressed willingness discuss problem with Syria, which was not the case a year ago when the FonMin thought no good purpose wld be served. A *modus vivendi* certainly cld precede a more formal settlement, but to be mutually satis and produce good results it wld have to be in truth a step toward peace.

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[1] Repeated to Damascus, Paris, Amman, Baghdad, Beirut, Cairo, London, and Rome; sent by pouch to Ankara and Jidda.

[2] Document 509.

[3] Document 494.

Davis

No. 517

786.56/11-1352: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, November 13, 1952—7 p. m.

786. Embtels 776 [2] and 409. [3] FonMin requested me to call this morning and among other things expressed in strong terms his govt's increased concern over Brit offer to supply jetfighters to NE countries. He said the proposed action will worsen Israel's position. He pointed out that giving each Arab state opportunity to acquire an amount of arms equal to that made available to Israel would create "overwhelming superiority" on the part of the Arab nations who themselves declare they are at war with Israel and who in his opinion should get no arms so long as they refuse to make regional peace. He made points that the Arab states are as yet uncommitted to support democracy; that altho purchases of jets would be ostensible for regional defense, he is convinced they would in fact be for use or pressure against Israel; that the increase in Arab strength will decrease chances for peace as he believes it will lessen Arab willingness to negotiate.

The FonMin stated further that word had been received from the Brit that 14 was no longer the limit, which will multiply the disproportion of the original proposal and will impose an even greater burden on Israel's overstrained economy. In present circumstances IG would feel obliged at whatever sacrifice to meet combined Arab strength. Sharett concluded remarks by saying he understood tripartite powers made such offers on basis of prior consultation and agreement and inquired whether US Govt has given its agreement to the policy of supplying arms on the basis of the Brit offer. I told the FonMin that I would report the substance of his remarks and inquiry to the Dept. No mention was made of info in Depcirtel

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[1] Repeated to London, Cairo, Baghdad, Beirut, and Damascus.

[2] Document 513.

[3] Not printed.

311.[4] Embs comments on above subject have been stated in Embtels 409 and 420.[5]

Davis

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[4] Circular telegram 311, Sept. 18, 7:14 p. m., sent to London, Beirut, Paris, Damascus, Tel Aviv, and Baghdad, reported that the Near East Arms Coordinating Committee considered on Sept. 16 the British proposal to offer 14 Meteor and Vampire jets to Israel, Syria, Lebanon, and Iraq. The United States offered no objection in the light of the Near Eastern situation and current British economic problems but asked the United Kingdom to give serious consideration to (1) making offers in terms of a "limited" number of jets instead of the specific number of 14; (2) obtaining government-to-government assurances that the jets received would be used exclusively for purposes of self defense; and (3) making deliveries gradually over a period of at least 2 years. (780.5/9-1852)

[5] Not printed.

No. 518

357.AC/11-1452: Telegram

The Ambassador in Israel (Davis) to the Department of State

CONFIDENTIAL TEL AVIV, November 14, 1952—noon.

791. FonMin Sharett stated yesterday with respect to the Pal item on the agenda of the UN *ad hoc* comite[1] that it is the IG objective to secure passage of a resolution calling on the parties to the dispute to enter into direct negots looking toward permanent peace settlelemt. He stated that he hoped for general support for such a resolution and felt that the US cld be very helpful. He recognized there might be good reason why the US might wish to avoid playing too prominent a role in this connection and that it might accordingly be better to seek as sponsors some sympathetic Latin American, Scandinavian or Brit Commonwealth nations.

He continued that Israel wld have been pleased had the item been left off the agenda this year, but since discussion seemed inevitable it wished to make it serve a purpose in the interest of peace. He anticipated, however, that the policy of the Arab countries wld be to make propaganda and create as much confusion as possible. He said he thought it quite possible that the Arabs wld raise the Jerusalem question purely for polit reasons since they feel they can get support from some Catholic countries. He said there was nothing new about Israel's estab of its govt in Jerusalem and that he hoped a matter of this kind wld not be permitted to obscure more important ones.

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[1] The question of the Palestine Conciliation Commission was referred by the General Assembly to the *Ad Hoc* Political Committee, which considered it at its 25th-39th meetings, from Nov. 25 to Dec. 11.

Davis

No. 519

680.84A/11-1452: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET Tel Aviv, November 14, 1952—5 p. m.

795. Embtels 776[1] and 786.[2] The Fon Min stated yesterday morning that IG is asking to be made eligible to receive non-reimbursable as well as reimbursable mil aid. He urged an early and favorable decision, saying that Israel is ready to join the US in preparing for any eventuality. He made once more a point which has been made repeatedly by spokesmen of the IG to the effect that mil aid to Israel cld be used to large extent for improvement of transportation and communications facilities such as harbor works, roads and railroads having strategic value.

He said acceptance by Arab countries of Brit offer to supply jet fighters wld result in need by Israel to acquire jet planes. He made it quite clear that Israel does not wish to purchase the Brit planes offered but wld much prefer Amer F-84 made jets. IG wld like to obtain them if possible through non-reimbursable mil aid, but if that not possible then at "nominal price" on reimbursable basis (failing in either of these IG wld request US financial aid for purchase of Brit jets).

Davis

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[1] Document 513.

[2] Document 517.

No. 520

611.83/11-1552

Memorandum of Conversation, by the Officer in Charge of Lebanon–Syria–Iraq Affairs (Funkhouser)

CONFIDENTIAL [Washington,] November 15, 1952.

Subject: U.S.-Syrian Relations

Participants: H.E. Dr. Zafir Rifai, Syrian Foreign Minister

H.E. Dr. Farid Zayn al-Din, Syrian UN Delegate and Ambassador Designate to the United States
Mr. Rafik Asha, UN Delegate and Syrian Minister Chargé, Washington
Assistant Secretary Byroade—NEA
Mr. Gardiner—NEA
Mr. Funkhouser—NE

Following Foreign Minister Rifai's thirty minute discussion with the Secretary and Assistant Secretary Byroade, during which time the Foreign Minister inconclusively discussed only the Bonn Agreement, it was suggested that further discussion between Assistant Secretary Byroade and the Foreign Minister should be held to cover other outstanding U.S.-Syrian problems.

The Foreign Minister began by stating that although he wished to develop in greater detail his solution to the Bonn reparations problem, there were other important problems facing Syria which he would like to discuss with Assistant Secretary Byroade. Mr. Rifai said that it was extremely difficult to develop Syrian stability in the midst of a basically unstable Middle East. The most important element in the instability was Israel itself. The refugees also created a serious factor of instability and it was necessary to provide compensation for them at the earliest moment.

Mr. Byroade answered that he had spent the whole morning working on the refugee compensation problem and felt that a very good start had been made with respect to the refugees by both the UNRWA and PCC. He expressed the belief that an essential factor in the solution of the refugee problem was that the Syrian Government and the United States Government fully understand each other. He stated that he appreciated the fact that there were emotions in the refugee problem which were probably difficult for Westerners to appreciate fully and which neither dollars nor projects could settle. Nevertheless, improved living conditions in the Arab world seemed to present the only approach to the problem. Assistant Secretary Byroade expressed his belief that dealing with the refugee problem required above all leadership such as the Syrian Government was now providing. He stated that he personally felt that it was "cruel" not to encourage the refugees to establish new homes since the chances of repatriation were exceedingly slight and the existence of false hope could only end in increased bitterness.

The Foreign Minister stated that he agreed with all these points, but added that only "under suitable conditions" and "when compensated" could the refugee problem be removed.

Assistant Secretary Byroade stated that with regard to compensation nothing could take away the legal and moral claim of the refugees. He added that the PCC was actively seeking solution to the compensation problem. He stressed that Arab compensation required important economic resources which Israel at the present time would not appear to have.

Regarding resettlement the Assistant Secretary reiterated that while it was probably true that no American could fully appreciate the full problems involved in the resettlement of an Arab refugee from Palestine, nevertheless the U.S. of course could clearly understand the geographical limitations in refugee resettlement. There was no room for one million Arab refugees in Israel, Lebanon, Jordan. The greatest opportunity for resettlement physically lay in Northern Syria. He expressed the view that the resettlement of the refugees would in the long run work to the benefit of the Syrian economy and added that there was money in the UN which would support an important effort in this direction.

Foreign Minister Rifai stated that the presence of any refugee in Syria created a financial and moral responsibility on the Syrian Government. He added that Ambassador Blandford and Chief of State Selo had developed a misunderstanding on this point.

The Foreign Minister stated that it had been Ambassador Blandford's theory that refugee resettlement would in itself be a benefit to Syria and that this position had resulted in the impasse which continued in the Shishikli-Blandford discussions. He stated that the Syrian Bedouins were not productive and Syria already had a labor force available to settle on undeveloped Syrian land. He stated that the Syrian agriculture projects would have been handled by the Bedouin if the refugees were not there. The refugees would replace the indigenous Bedouin, resulting in the continuation of a serious problem for the Syrian Government. Despite the existence of this situation, Mr. Rifai stated that the Syrian Government had accepted resettlement of the refugees in Syria for two reasons. One was that the condition of the refugees was deplorable and secondly the total Syrian community would, if steps were not taken, be adversely affected by this large group of refugees living in unsanitary and indigent conditions.

Secretary Byroade stated that Ambassador Blandford had undoubtedly felt that the refugees could in the future be a net asset to Syria—that these refugees, properly housed, clothed, fed, together with the skills which they brought with them and the investment in roads, water, housing undertaken by the UNRWA would over the long run work to the advantage of Syria.

Mr. Rifai stated that this might be possible, but at the present time the refugees were not only a serious burden on the Syrian treasury but also provided a negative value to the Syrian community. For example, the Foreign Minister stated that by providing educational facilities for ten thousand refugees in Syrian schools, ten thousand Syrian students had been displaced. The Foreign Minister stated that to handle the refugee problem required funds greatly in excess of what had already been offered.

Secretary Byroade then stated that whereas it might be true that funds presently allocated might conceivably prove insufficient for the total refugee resettlement problem, he nevertheless felt it was unfortunate that money presently available for resettlement was left unused. The Assistant Secretary referred to the problem of obtaining money for these refugees and referred to a future period in which contributions by the UN members might fall off. He stated that whatever the amount of money required might be, it was essential to make a start with the funds that existed and to improve immediately the condition of as many refugees as possible.

Foreign Minister Rifai stated that Syria also required funds to bolster the Syrian economy itself. These funds would serve to complement UNRWA refugee disbursements. He stated, however, that Syria was moving ahead on resettlement and would in time know how far the funds presently allocated would go to meet the problem. The acceptance of more refugees at this time had been prevented by the conclusion that more refugees would be a greater sacrifice for the Syrian people, and because Ambassador Blandford did not attribute sufficient importance to aid for the Syrian economy.

Secretary Byroade asked the translator to impress upon Foreign Minister Rifai that he was not pressing the Minister to accept more refugees but that he was trying to clarify his understanding of the problems involved in refugee resettlement.

With respect to the overall refugee problem, Secretary Byroade stated that he personally was doing what he could to see that refugee compensation could be arranged. He added that by this statement he was not closing the door even on repatriation, although admittedly it would be extremely difficult to bring about a situation under which any refugees could return to Israel.

The Assistant Secretary further stated that as a practical matter most refugees would not want to go back and live in Israel, even if they could return. He stated that Israel was considerably changed from Mandate days and that most of the refugees would undoubtedly be extremely dissatisfied in Israel.

Foreign Minister Rifai admitted that he and most of his Government shared this opinion. He stated that certain refugees would like to return—not all of them. He suggested that the PCC should be given the positive responsibility of determining which refugees should return as well as wider responsibility in settlement of the compensation problem.

Ambassador-designate Zayn al-Din attempted to summarize the Syrian point of view by stating that the Syrian Government realized that a good part of the refugees should be resettled. This resettlement required sacrifice by the Syrian Government, that for this sacrifice foreign economic assistance was required for the general development of Syria in such a way that the Syrian people would be able to receive a net increase in their standard of living. Mr. Byroade was asked if he conceived of the possibility of substantial economic assistance as a prelude to further development.

Mr. Byroade replied affirmatively that he could conceive of the possibility of economic assistance although he could not at this point concede that the adjective "substantial" was appropriate. He stated that there were now three sources of funds, and subsequently added a fourth source. These were (1) UNRWA funds, (2) Point IV funds, (3) future possibility of grant aid, and (4) funds available through banking institutions such as IBRD, EXIMBANK, etc.

With respect to (1), the Assistant Secretary referred to the 70% U.S. share of UNRWA funds, the difficulties he faced when asking Congress for this money in view of lack of achievements, the question of how long UN members would continue to contribute to refugee resettlement. Mr. Byroade stated that additional funds would be hard to find in the absence of fullest utilization being made of funds already allocated which were already substantial.

Foreign Minister Rifai expressed his doubt regarding the technical ability of UNRWA authorities to handle refugee resettlement. He mentioned three projects which the Syrian authorities had discussed without results with UNRWA officials. These were the "Autaba Marshes" land drainage scheme, the Baruda River irrigation and land development scheme and the large lake development project near Damascus. The Syrian Government had been disappointed that those projects had not received more attention from UNRWA technicians.

Mr. Byroade commented briefly that he was not worried about the technical problem and that he was confident that he could find the technicians required if this proved to be any handicap to resettlement.

Mr. Byroade then described the basic Point IV philosophy and the immediate and long term benefits which could be realized from this approach. He added that there would appear to be every possibility that Point IV legislation could materially assist in the improvement of the Syrian economy and in the refugee resettlement problem. He stated that there was considerable latitude in the specific form that Point IV assistance might take and that what was required from the Syrian authorities was specific request for assistance and indication by the Syrian Government of what steps they were prepared to take in return for such assistance. Mr. Byroade stated that he did not have the authority at this time to state how far the U.S. Government was prepared to go in making Point IV aid available to Syria and that this determination largely rested with the approach to the U.S. made by the Syrian authorities.

Mr. Byroade then asked the Foreign Minister for any specific comments regarding Syrian views towards the Point IV concept and its application to Syria. The Foreign Minister stated that Point IV, as he understood it, only engaged in "studies" and technicians, that Point IV placed heavy financial obligations on the Syrian treasury, and that public opinion demanded immediate results from foreign assistance. Departmental representatives thereupon proceeded to disabuse the Foreign Minister of the above concepts. Mention was specifically made of the Kasmie project in the Lebanon as an example of sound economic development.

It was also pointed out that no technicians which were unwanted by the Syrian Government would become a part of any Point IV program. It was stated that there was every reason to believe that the short and long term interests of both the United States and Syria might well be served by the Point IV legislation if a full explanation of what the U.S. was prepared to do and particularly what the Syrian Government desired could be developed in detail. The Foreign Minister stated that his ignorance of the U.S.G. economic assistance was perhaps due to his single conversation with Ambassador Locke on this subject and expressed a genuine interest in further exploration of the subject.

Regarding the third source of funds, grant aid, Mr. Byroade stated that although grant aid was not available at this time, it would be a subject for future discussion with Congress. Mr. Byroade then described the difficulties in making a case before Congress for grant assistance to the Middle East. He stated that in general the Department was required to make its own calculations on the basis of incomplete technical facts regarding projects needed in the Middle East; that even if a case could be made, Congress would undoubtedly ask whether Near Eastern states would accept aid if authorized; to this the Assistant Secretary stated his answer would have to be, under existing conditions, "I don't know".

Foreign Minister Rifai smilingly admitted that he could understand Mr. Byroade's problem but stated that Syrian hesitation was due to the fact that assistance offered was so inferior to what Syria was doing for itself. He referred to the 100,000 hectares of land which the Syrian Government had reclaimed by improvision with inferior machinery, inadequate resources, etc. The Foreign Minister added that the Syrian authorities feared being tied too tight by agreements with the United States when they were doing so much more on their own. He then added his view that the "Arab East" should appear more important to the U.S. than Europe for purposes of defense since their weaknesses were so much greater.

Mr. Byroade stated that the Foreign Minister would not have to convince him of that point, but should only assist him in making his work easier. He added that the interpreter should make clear that the United States did not wish to appear too impatient in its desire to do all things in the Middle East and did not wish to overstress the importance of Point IV aid. He added, however, that Point IV was doing and could do an excellent job; Iran, where more Point IV assistance was being requested by the Iranian Government, was given as an example.

The other topics were briefly mentioned and discussed: (a) Renegotiation of the IPC pipeline terms, and (b) the Arab League. Regarding (a) the Foreign Minister stated that the pipeline agreements did not provide Syria with an equitable source of income, that these arrangements had been negotiated by either the French or Husni Zaim to the disadvantage of the Syrian people and that some form of taxation which would earn more money for Syria was being considered. Comparison was made with the oil producing countries in the Middle East which earned high income from the oil wells.

Department officials briefly mentioned (1) that clauses waiving customs duties and taxes were the general rule rather than an exception made by the French Mandate or previous Syrian authorities; (2) that payments in excess of the original contracts had already been made and were the proper subject for commercial negotiation; (3) that pipeline companies were unfairly handicapped by their inability to change site with increasing demands of foreign governments as were other business enterprises. Reference was made to the IPC exploration company in Syria which was forced to terminate its concession when Syrian objections to the original contract became too severe; (4) that it was difficult to determine what a fair transit price should be. The oil companies could only make their decision to construct pipelines on a basis of comparing tanker construction and operating costs with transit agreement and pipeline construction and operating costs. On a basis of these calculations and agreements Syria had not only profited by the IPC pipeline construction in 1935, but by the newest IPC Big Inch construction and the Trans-Arabian Pipeline construction. If the Syrian Government had negotiated too high terms in 1935 the later two pipeline developments might not have been built. It was mentioned that certain oil company experts contested the economic desirability of building the Trans-Arabian Pipeline, supporting instead the use of the same amount of steel in moveable tankers; (5) that failure to respect valid contracts adversely affected other private investment in Syria.

Regarding (b) Mr. Byroade was asked for his views regarding the Arab League and its future. He stated briefly that he had not been able to agree at all times with decisions of the Arab League. He mentioned, however, that he was basically in sympathy with regional cooperation; that he had personally been closely associated with efforts to strengthen European regional associations; he felt that history would show that this had been the era of the development of European Federation, even though some days it appeared that the daily motion was more backward than forward. The Assistant Secretary stated that all countries were now giving up a part of their sovereignty and indeed that the United States had also given up an important measure of its sovereignty. He believed that the Arab League could provide more positive influence than it had to date.

Mr. Byroade asked the Foreign Minister if he could visit Washington for further exploration of these subjects. The Foreign Minister was most receptive to the suggestion and stated that following his return from Mexico in several weeks he hoped to visit Washington. It was stated that this visit might correspond with Zayn al-Din's presentation of his credentials as Syrian Ambassador to the United States. Warm expressions concerning the profitability of the meeting were exchanged.

No. 521

783.00/11-1552: Telegram

The Acting Secretary of State to the Embassy in Syria [1]

SECRET WASHINGTON, November 15, 1952—3:42 p. m.

316. Re Deptel 265 Oct 24. Dept has studied with interest responses from Damascus (Embtel 345 Nov 6) and Tel Aviv (Embtel 779 Nov 13). Dept has reached certain conclusions and suggests that if these have concurrence of field, they be used as points reference in event Shishikli-Davis-Moose meeting (Damascus 353 Nov 11 sent Tel Aviv 34), [2] besides being presented to Israel Fon Off.

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[1] Sent also to Tel Aviv; repeated to Amman.

[2] In telegram 353 from Damascus, Nov. 11 (repeated to Tel Aviv as 34), Ambassador Moose welcomed the opportunity to consult with Ambassador Davis in Damascus. Moose stated that in view of his comments to Shishikli regarding Davis' opinion

Continued

1. Dept agrees with first sentence Tel Aviv reftel as to "crux of difficulty". Semantics hamstring any Syrian-Israel negots, not only in re procedure but also in relation very substance. Israel wants conversations lead towards peace, Syr wants conversations lead towards reduction tension.

2. US understands and supports Israeli viewpoint, for peace between Israel and Arab States is one of cardinal points in US Near East policy. Moreover, as reported by Tel Aviv tel 665 Oct 23 genuine desire for better relations with Arab neighbors has taken hold in Israeli minds, with consequent diminution of "lebensraum" school.

3. However, Syr approach seems more realistic in light present Arab-Israeli overall relations. To expect relatively temperate Arab leaders to add Israel peace issue to touchy subjects of nationalism, xenophobia and internal reform is asking them court downfall before already saturated public emotion. On other hand, Syr-Israel *modus vivendi* might not have peace in mind when made, but if reasonably well designed and executed it shld by nature encourage future peace simply thru removal frictions which made it necessary.

4. Both parties shld be urged by US continue direct and earnest negots (inside or outside Armistice Agreement framework). Israel shld be counseled give serious consideration any Syr proposals which might eliminate frictions, whether or not those proposals mean only first hesitant steps towards far distant peace. Shishikli shld be advised take more positive and courageous approach towards meeting Israeli proposals and signing Israeli agreements per se, to soft-pedal bellicose statements about "revenge", and in general behave publicly in manner less likely put Israelis on defensive.[3]

BRUCE

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of Israel's conciliatory attitude (referring to telegram 345 from Damascus, Document 509), and Shishikli's present position as Acting Foreign Minister, he might wish to talk with Davis. The Embassy would not take the initiative to seek an appointment, but Moose believed Davis should be prepared to talk to Shishikli if the latter so desired. (711.5880/11-1152)

[3] In telegram 323 to Damascus, Nov. 19 (repeated to Tel Aviv as 519), the Department recommended that the Embassies urge the reconvention of the Oct. 8 Mixed Armistice Commission group to discuss specifically the delimitation of the demilitarized zone and, if possible, associated boundary problems. (783.00/11-1952)

No. 522

320.2 AA/11-1852: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, November 18, 1952—7:14 p. m.

517. For purpose reviewing problems relating Palestine polit items to be considered by *Ad Hoc* Polit Comite, reps NEA and UNA met with USUN at NY Nov 15. Agenda items listed hereunder in numbered paras followed by main points discussed and conclusions reached. Emb Tel Aviv and USUN shld fol instrs included paras numbered one and two.

1. How can US most effectively estab gen recognition that repatriation refugees to Israel no longer feasible?

If other dels bring up for discussion fact refugees cannot return to former homes, either by introduction of a res or otherwise, we shld do our part make known we consider any large scale return impossible. If matter not raised by others, we shld not raise it. Rather in this event we shld leave question as principle which UN has already estab.

We consider only possible solution resettlement in Arab states for most, if not all, refugees. Progress cannot be made so long as certain Arab leaders use refugees as polit weapon and continue keep issue inflamed. It wld perhaps be too much at this time for us tell refugees they cannot go back—that there is no home for them—but might be possible slow down Arab leaders who keep issue in foreground.

It was agreed Israel might find some econ benefit by permitting certain number refugees return particularly farmers.

Israel Govt shld be asked by Emb Tel Aviv and by USUN for info re Israel's intentions for repatriation Arab refugees to Israel. We believe action by Israel for limited repatriation wld advance prospect for other peace measures and Israel shld be asked indicate whether it wld work out constructive plan to admit given nr.

2. Compensation:

(a) How far shld USUN go in supporting principle of compensation and practical measures for giving it effect?

We shld support the principle. "Practical measures for giving it effect" shld be worked out by experts after problem has been defined. Berncastle PCC land specialist is supervising examination of records which shld show extent of problems i.e., by ascertaining how much property in Israel owned by refugees and by determining its value.

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[1] Sent also to New York as telegram Gadel 61; repeated to London, Paris, Ankara, Amman, Beirut, Baghdad, Cairo, Damascus, and Jidda.

(b) Is it feasible for Israel pay compensation without large Amer assistance? Is such assistance likely be forthcoming? If not is it politically desirable encourage idea of compensation and initiate steps such as undertaking of PCC, looking toward payment compensation?

Seems likely US assistance to Israel will be required for several years. There are however factors which are encouraging. These include:

> (1) Possibility Israel might be able set aside certain amt (possibly 5 or 10 percent) from present $300 mil fon exchange budget for payment compensation. This cld liquidate obligation over period years either to individual Arabs or by servicing internatl loan for that purpose.
>
> (2) Israel's econ understood to have reached bottom last winter but now shows signs recovering—even though very slowly. There is probability Isreal's industry and agri are capable of reaching position of increasing returns during next year or so—given neces raw materials and equipment. In many instances existing capital equipment cannot be used fullest possible extent because of lack raw materials. Reparations payments by Ger cld create situation that cld provide raw materials and permit further industrial expansion. Increased citrus exports during years ahead, and recovery potash and other Dead Sea resources, shld contribute materially to Israel's capacity to pay, including decrease in need for fon governmental assistance.
>
> (3) Compliance by Egypt with UN Res re Suez Canal wld benefit Israel to important but unknown extent. Estimates vary from several mil dols to $100 mil or more each year. Savings to Israel wld result from cheaper freight rates on petroleum and by giving Israel access cheap markets for purchases and sales. Since reopening Suez Canal to all traffic is concern maritime powers, Egypt cld act without ref Israel or Palestine question.
>
> (4) Any lessening Arab econ boycott against Israel wld increase Israel's capacity to pay.
>
> (5) Any confirmation existence important natural resources such as petroleum wld have beneficial effect on Israel's fon exchange position.

It was agreed compensation directly connected with resettlement refugees. Also refugees shld not have both compensation and repatriation. Israel must provide alternative: either permit refugees return or pay them compensation for their losses (or combination of two alternatives). The more refugees having property in Israel permitted to return, the less wld be amt compensation to be paid by Israel.

It was recognized that if Israel shld set aside portion its fon exchange budget for compensation while US is providing assistance this may produce difficulties in obtaining appropriations as there might appear to be duplication sums paid as compensation and requests for Arab resettlement funds. It was agreed however that advantages of encouraging Israel Govt set aside portion its fon exchange income for compensation outweigh disadvantages.

Israel Govt shld be approached by Emb Tel Aviv and USUN for purpose ascertaining what plan Israel has if any to pay compensation, and stress upon them to produce such plan at earliest possible date as if gen position against repatriation appears in GA compensation question can become acute.

3. If question of Jerusalem raised and subj of internationalization debated, is any scheme (territorial) internationalization feasible at this time? If so shld US take any initiative this direction?

Agreed no purpose wld be served by discussion internationalization Jerusalem at this time. US shld take no initiative in matter. However shld any aspect of question be raised we shld support *status quo*. For instance shld res be introduced to effect Israel not transfer its FonMin to Jerusalem, we shld support res. (Amb Jessup requested instrs this point.)

Note: An immed problem is to determine whether US shld be represented at inauguration new Pres of Israel shld inauguration take place Jerusalem as seems probable.

4. Direct negots

(a) What shld be extent US initiative in calling for direct negots between Israel and Arab states?

Agreed we shld encourage other dels to table res calling on parties settle differences by direct negots. We shld not introduce such res but shld support it if introduced by others.

(b) Is expression of widespread GA sentiment for direct negots likely encourage or discourage Arab countries from settling their differences with Israel?

Agreed a res calling on parties to settle their differences by direct negots might encourage some Arab states settle their differences with Israel. It was felt it wld do no harm and cld be very useful, to provide Arabs with basis on which justify negots with Israel.

5. Future of PCC

Agreed our contd membership PCC contingent on Comm's indicated responsibilities. If Comm were to continue with basically present terms ref we shld remain on Comm. However if as anticipated Arabs propose new or same Comm with greatly expanded membership or terms ref we might well wish indicate we cld not serve on such body, particularly if it were composed members some of whose partiality is well established, or its term ref were related to enforcement or implementation existing GA Res. Also new members wld undoubtedly wish reactivate Comm with resultant confusion. No conclusion was reached.

Bruce

No. 523

320.2 AA/11-2152: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, November 21, 1952—6 p. m.

836. Deptel 517.[2] Called on FonMin this morning and asked for info requested in paras 1 and 2 ref tel. Said believed repatriation may be raised in GA and Dept considering realistic approach. Said we consider any large scale return refugees out of question and solution must be based on resettlement of most refugees in Arab states. However their continued plight can be used as means keeping feelings inflamed and preventing real progress toward peace. IG therefore may consider permitting return certain number particularly farmers to terraced agricultural areas. Consider action by Israel toward limited repatriation wld advance prospects of other peace measures and show Israel's desire carry out spirit UN res 1948. As closely related problem wish inquire whether IG has plan paying compensation to refugees who do not return. Compensation affected by boycott and continuation of boycott affected by refugee situation. Particular refugees shld not have both compensation and repatriation but IG shld provide alternative and larger number of refugees less the amt of compensation. If repatriation issue raised, need for definite plan of compensation acute.

On possible repatriation of small number refugees FonMin said taken aback by suggestion, had not heard it for a long time, had thought it common ground that solution lay in resettlement and compensation; if not common ground then regretted but position Israel firmly fixed; no useful purposes served by increasing number Arabs in Israel; wld intensify problem that lead to fighting; Arab population stabilized at 170,000 more wld increase fifth column and explosive neighborhood relations all cases in history of movement of population was result of war or upheaval and no instance of any return such populations to original area; even if Arab farmers brought in cultivate terraced areas it wld require new villages in midst existing Jewish villages.

On compensation FonMin referred to previous agreement in principle. Said working toward assessment of amts due individuals but big problem is payment. Israel treas does not yet know where will get funds payment unblocked Arab accounts. No plans for making payment of compensation. Doubts possibility formulating one in existing state Israel finances.

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[1] Repeated to New York, London, Paris, Ankara, Amman, Beirut, Baghdad, Cairo, Damascus, and Jidda.

[2] *Supra.*

I said purpose to give as much time as possible for IG to frame position. Said he wld discuss matter further.

Russell

No. 524

320.2 AA/11-2152: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL Washington, November 25, 1952—1:26 p. m.
PRIORITY

538. Deptel 517 [2] and Embtel 836. [3] Fol is summary Byroade-Eban mtg NY Nov 21.

Byroade stated Dept noted trend on part responsible Arab leaders towards more realistic practical approach to Palestine problem. Pointed out refugee resettlement progress in Syria and Jordan and private admission Arab leaders that large scale repatriation impossible. Though US cld not take initiative proclaiming latter doctrine, it wld be helpful if other countries sharing this belief were to take lead in expressing their views. Emphasized inter-relationship refugee problem—repatriation—compensation. Stated wld be helpful if IG wld consider possibility limited repatriation, e.g. admitting 50,000 to 100,000 Arab farmers who cld contribute Israel economy. More especially, it was his opinion time had come for Israel, having accepted principle compensation, elaborate ways means achieving this and announce its plans. Perhaps IG cld place small percentage annual fon exchange budget in special fund pay compensation or service loan used such purpose. Move this nature very likely produce favorable Arab response and might begin movement toward peaceful settlement. Hopeful that such step by IG wld lead relaxation economic blockade, such as Israel's use Suez Canal for oil shipments with consequent reduced transportation expenses. Such advantages wld probably go far offset cost compensation. Indicated awareness Israel's econ financial difficulties but felt time had come when Israel must indicate desire and intention take steps resolve impasse with Arabs.

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[1] Repeated by pouch to London, Paris, Ankara, Amman, Beirut, Baghdad, Cairo, Damascus, and Jidda.

[2] Document 522.

[3] *Supra.*

Eban referred Sharett's 1951 Knesset statement that while Israel considered Arab states responsible plight refugees and required cooperate their absorption, Israel recognized obligation compensate Arabs. Eban described lack Arab response this and other conciliatory gestures and said he had grave misgivings whether any good wld accrue Israel from sort action suggested by Byroade. Arab reiteration fact they and Israel still in technical state war, their refusal talk to Israelis at international mtgs, and increasingly effective blockade and boycott made it hard for Eban believe conciliatory gestures by Israel wld be considered by Arabs as anything more than sign weakness and provoke further hostile measures by Arabs in hope achieving collapse Israel. Eban described strange situation which wld result from Israel release blocked Arab accts, since Israel wld thus be paying money into countries blockading it and interfering with German restitution payments Israel. Eban stated Israel has counterclaims arising from damage and losses from the war, boycott and blockade and inability Jews Near Eastern countries such as Iraq obtain compensation property left behind. While he aware support some quarters theory ltd nr Arabs cld contribute Israel economy, under present conditions they might constitute serious security problem and he did not feel IG at present cld actively consider matter.

Referring IG's record past cooperation with PCC re compensation, specifically in problem assessing value land relinquished by refugees, which wld continue, Eban said it wld now be appropriate for IG negot with PCC compensation settlement to be implemented through UN.

Byroade pointed out action by IG such as he had suggested might well lead to conciliatory steps by Arabs; if IG were to wait until it was certain of this matter, movement toward settlement wld never occur. Particularly, he did not believe approach through PCC suggested by Eban adequate. He believed Naguib has earnest desire settle Palestine problem as far as Egypt concerned but wld take no step this direction until IG had done something effective about compensation.

Was pointed out IG's earmarking of money for compensation fund and announcement that fact wld not necessarily commit Israel continue with plan and carry out program if Arab attitude remained hostile. In short, US view is that steps along lines suggested to Eban wld produce easement tension and relaxation boycott and blockade. Only in such conditions cld Israel reasonably be expected pay large sum money involved in compensation. If Arab response turned out different than what US supposed, IG cld reexamine matter and modify policy accordingly.

Eban concluded mtg saying he considerably attracted by proposal set forth by Byroade. He wld communicate immed with IG in endeavor ascertain how far Israel cld commit itself at present time. He hoped he cld make statement at this GA along lines suggested.

BRUCE

No. 525

320.2 AA/11-2552: Telegrams

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, November 25, 1952—6 p. m.

384. Deptel 319, Nov. 18. [2] Concur conclusion Dept reps re utility acceptance by Israel limited repatriation (para 1 reftel). US efforts "establish general recognition that repatriation refugees to Israel no longer feasible" wld only prejudice execution Syro-UNRWA agrmt and worsen US relations with Syria (cf. Amman tel 388, Nov 18).[3] Beyond lip service principle repatriation Emb unaware recent activities by Syrian leaders "keep refugee issue inflamed" Shishikli decision to sign with UNRWA is realistic forward step. While Syria progressively more willing accept fact of resettlement, attempt to disavow principle of repatriation likely drive them to extreme position in supporting it.

Para 2(b) points to conclusion US assistance Israel will be required permit that govt pay compensation. If this occurs in context diminution US aid available Arab states (as seems possible under new Congress) good effect on Syrians of compensation payments likely be lost in renewed condemnation US "partiality". It is hoped indicated approaches will reveal Israeli progress with plans compensation program foreshadowed Depcirtel 325, Sept. 23. [4]

Shld inaugural new Israel Pres take place Jerusalem, adverse reaction may be expected here. If question arises hope Israel may be influenced hold ceremony elsewhere.

Interested US missions and Dept agree re desirability Israel and Syria undertaking direct negots (Deptel 316, Nov. 15) and mtg Oct. 9 was considered by Syrians as effort that direction. UN resolution calling for direct negots believed to be of doubtful value. Such resolution might in fact prejudice renewal Syro-Israel contacts.

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[1] Repeated to Tel Aviv, New York, London, Paris, Ankara, Amman, Baghdad, Beirut, Cairo, Jidda, and Jerusalem.

[2] Printed as telegram 517 to Tel Aviv, Document 522.

[3] Not printed.

[4] See footnote 3, Document 480.

MOOSE

No. 526

IO files, lot 71 D 440

Minutes of the Fifteenth Meeting of the United States Delegation to the Seventh Regular Session of the United Nations General Assembly, New York, November 28, 1952

SECRET
US/A/M(Chr)/252

The Secretary opened the meeting and called upon Mr. Barco.

I. Palestine

Mr. Barco began his presentation with a short history of the Palestine case in the General Assembly. At the end of the 1948 Session, the Palestine Conciliation Commission (PCC) had been established to assist the parties to resolve their differences. The resolution called for an extension of the scope of the armistice negotiations to be undertaken either by the parties themselves, or with the help of the PCC. It urged that the refugees who wished to return to Palestine should be allowed to do so. Those not desiring to return were to be compensated. Responsibility for repatriating or compensating was given to the PCC. The third responsibility of the Commission was to draft a statute for the international regime in Jerusalem.

The theme of the activities of the PCC had been one of frustration. Many attempts had been made, and almost all were total failures. During the first year, the Commission tried to bring the parties together on the various issues referred to above. Its failure in this attempt was reported to the Assembly. Efforts were continued along these lines in 1950, with an emphasis on seeking to get the parties to negotiate directly.

In 1951, the Commission had sought to make proposals itself on matters of substance. In July of that year a conference of the parties with the PCC was called, in Paris, in accordance with the request by the Arab Delegations for the PCC to mediate. Proposals concerning repatriation, compensation, the discharge of war claims, and territorial readjustments were made by the Commission and rejected virtually out of hand by both parties. At the Sixth Session of the Assembly, in Paris, the United States had proposed that the Commission impress upon the parties the fact that primary responsibility rested upon them. A resolution was passed which kept the Commission available to the parties, but they had made no real attempt to use it. On a few limited questions the Commission had used its own initiative. The PCC had obtained the agreement of the Government of Israel to release the blocked accounts of the Arab refugees held in foreign banks in Israel. A first installment of one million pounds sterling had been released, and the Commission was trying to work out, with the Arabs, a scheme for disbursing this sum.

At the Seventh Session of the Assembly a new situation had arisen wherein two items on the political questions of Palestine had been proposed by the parties. There had been no PCC report to the Assembly in 1952, but only progress reports made to the membership of the UN. The first item was that proposed by the Arabs, and some Asian delegations, which would have the PCC carry out its work in the light of past resolutions of the Assembly. The second item, introduced by Israel, involved the "refusal" of the Arab States to assume the obligations of the Charter and of the resolutions of the Assembly to come to terms with Israel and settle their differences.

Regarding the first item, Mr. Barco said that the Arabs planned to introduce a resolution (US/A/AC.61/7)[1] which would state that the PCC had not been able to fulfill its mandate and so would change the membership from 3 to 7 members. It would contain very strict terms of reference in accordance with the 1948 resolution of the Assembly, and would have the Commission sit in Jerusalem. It was not, at that time, certain whether this resolution would be introduced. The Arabs had been told that we could not accept this draft, that it was not helpful to increase the membership, and that the terms of reference should relate to the possible, building on what little had been done in the past. We had asked them to give us something in writing, but up to that time they had not done so.

Six "neutral" delegations had introduced the resolution contained in document A/AC.61/L.23[2] concerning the second item.

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[1] Not printed.

[2] This joint draft resolution, originally submitted to the *Ad Hoc* Political Committee by Canada, Denmark, Ecuador, the Netherlands, Norway, and Uruguay, was also later sponsored by Cuba (A/AC.61/L.23/Rev.1) and by Panama (A/AC.61/L.23/Rev.2). Under this eight-power draft resolution (A/AC.61/L.23/Rev.2), the General Assembly would (1) call upon all parties to desist from any further acts of hostility; (2) reaffirm the principle that the governments concerned had the primary responsibility for reaching a settlement; (3) urge these governments to begin early direct negotiations for a settlement; and (4) request the Palestine Conciliation Commission to be available for that purpose, if so desired.

Continued

This resolution had been inspired by the Israeli Delegation and contained a clear call to the parties for direct negotiations and asked the PCC, as presently constituted, to remain available. In answer to questions as to the US attitude on this draft resolution, we had indicated that we were sympathetic to its objectives, but pointed out that we had no responsibility for drafting it, and were offering no amendments. We felt that the best way to obtain progress, in view of the frustrating history of this case, was to do whatever was possible on certain technical questions while hoping that one day the parties would agree to negotiate directly. At that point the only thing to do was to wait upon the Arab delegations to see how far they would go, and how near they might come to our views.

Mrs. Roosevelt asked whether the United States had ever told the Arabs that repatriation of the refugees to Israel was impossible. Mr. Barco answered that this had never been done officially or publicly, but that certain statements had implied this. He added that if this idea could be accepted, it would remove one very thorny obstacle to a final settlement. The fear was, however, that if it were publicly stated, it would most likely provoke the Arabs and prevent negotiations.

Mrs. Roosevelt noted that Baroodi (Saudi Arabia) had talked in very sentimental and nostalgic tones of the houses and the trees, and the land that awaited the return of the Arab refugees. However, during her trip through Israel the previous Spring, she had not found any of these unoccupied houses, to which Baroodi referred, in Haifa or elsewhere. In fact, the great influx of population had eliminated whatever excess land there had been. She recalled that she had been greeted by groups of both Arab children and adults, who spoke no English, but who arose spontaneously upon seeing her, and spoke in perfect English saying, we want to go home. It had been obvious to her that this was all a manufactured spontaneity. While, no doubt, originally these refugees had desired to return, that feeling would long since have died, but for the fact that it was being nurtured and kept alive by the Arabs for their own purposes. She thought that perhaps we could encourage the few realists and urge their acceptance of a "temporary resettlement", which would have to be for a very long time.

Mrs. Roosevelt had been quite depressed at the things she had seen in the Arab refugee camps. There was a total lack of the nec-

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In the course of the debate on the Palestine item in the *Ad Hoc* Political Committee between Nov. 25 and Dec. 11, two other draft resolutions were submitted: a joint draft resolution by Afghanistan, Indonesia, Iran, and Pakistan (A/AC.61/L.25); and a Syrian draft resolution (A/AC.61/L.33).

essary preservation of skills and crafts which should be handed down from the older to the younger generation, a lack which was due to an attempt to avoid anything which might become permanent. Conditions in these camps were "dreadful". Arab officials and, perhaps, a few Communists, bore the responsibility for keeping these conditions alive. Mrs. Roosevelt realized that she could not say all this to them as plainly as she spoke to the Delegation, but if the Arabs "were going to wail for two thousand years", like the Jews in waiting for a return to their homeland, it should be at a new place and something would have to be done for the intervening generations.

Mr. Plitt noted that he and Mr. Byroade and other members of the NEA Bureau, in their private talks with the Arabs, had always urged against the keeping alive of the idea of repatriation. A most recent example had been in a talk with Prince Faisal, of Saudi Arabia, but his reaction had been typical. This was simply not an issue on which the Arabs could back down. Ambassador Jessup agreed that the situation of the Arab refugees was deplorable, and acknowledged that the Arab States were responsible for keeping this matter stirred up. He noted, however, that the Arabs felt themselves in a bad bargaining position, and realized that the emotional appeal of the plight of the refugees was a valuable bargaining element. We must take this attitude of the Arabs into account. Furthermore, in the Assembly, with Arab leaders such as Jamali, of Iraq, making wild and extreme statements, no other Arab Delegate could publicly disagree although many did so in private.

It seemed to the Secretary, in his talk with the Syrian Foreign Minister, that there had been an indication that there might be a slight movement from dead-center. The Syrian had told him of their plans for "improvement in the conditions of living" of the Arab refugees. While they refused to call this resettlement, it seemed to amount to the same thing.

Mr. Ward Allen asked what the general climate was with regard to the two resolutions referred to above. Mr. Barco saw a widespread feeling for a more realistic approach to the overall problem. A certain amount of bargaining would have to be done, but at least the Assembly was trying to move this matter along. Mr. Stein pointed to a hopeful sign, in that some delegations had flatly stated, in their speeches, that large-scale repatriation to Israel was impossible.

Ambassador Jessup said that the complex history of this case in the Assembly indicated a certain pattern which would apply to these two resolutions. The six-power draft was generally known to have been inspired by the Israelis. The Arabs were, so far, feeling their way. The general tendency in the past had been to reach a common ground so that neither side violently opposed what the Assembly finally adopted. We could expect, therefore, an extreme Arab draft resolution from which they could move toward a compromise. Alternatively, the Arabs might introduce their extreme ideas as amendments to the six-power draft. It was generally felt, in the Assembly, that there was little use in passing something which one side or the other vehemently opposed.

[Here follows a short discussion of the situation in Korea.]

The Delegation meeting then adjourned.

CHARLES D. COOK

No. 527

683.84A/11-2852: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, November 28, 1952—4 p. m.

386. Tel Aviv tel 779 to Dept Nov 13. Emb does not accept implication reftel that progress toward area stability and attainment mutually satisfactory Syro-Israel *modus vivendi* only possible if Syria envisions negots as directed toward peace. Proposal divide demil zone on *de facto* basis (Embtel 345, Nov 6) wld, if adopted, increase area stability by reducing Syro-Israel border tensions, and wld also build confidence for future more general arrangements. Wld not satisfy main Israel aims, but only way ultimately reestablish Syro-Israel peace and commercial relations is by several successive steps of which creation *de facto* frontier wld appear to be first. As such, *modus vivendi* wld be step toward peace whether or not so regarded by Syrians.

Initiative now with Israel for renewal contacts fol Oct 9 mtg (Embtel 354, Nov 12).

MOOSE

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[1] Repeated to Tel Aviv, Paris, Amman, Baghdad, Beirut, Cairo, London, Rome, Ankara, and Jidda.

No. 528

683.84A/12-352: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET PRIORITY TEL AVIV, December 3, 1952—6 p. m.

902. Deptels 519[2] and 538.[3] Foreign Minister assured me few days ago continuation talks with Syrian MAC reps was receiving active attention, and Reuven Shiloah, special advisor to FonMin, told me yesterday IG intends express readiness renew talks in near future. In view above and Damascus' 400 to Dept,[4] believe approach IG Embassy Washington unnecessary at present.

Comment: On the whole Embassy believes prospects for success somewhat more favorable as result IG reaction to jet deals and general discouragement due to possible implications Prague trial. After saying he strongly favored IG's continuation talks with Syria, Shiloah stated candidly that he doubted whether Syrian Govt would find it politically feasible enter into agreement with Israel even if basis for division demilitarization zone could be agreed upon. He thought moreover that jet deal and any other steps toward supplying armaments to Syria would definitely lessen feeling that settlement with Israel is either necessary or advantageous. He continued, however, that defeatism should not be permitted prevent real effort find some basis for agreement.

He expects Syria's opening proposal to be more than Israel can accept, but hopes some middle ground can be found that will make agreement possible. He feels that "merely to break ice" would be worth some sacrifice, but question is whether price will be too high and whether leadership can carry matter through even if agreement reached. He was not sanguine on either score. Needless to say I encouraged recognition value of any settlement and desirability make real effort achieve results.

DAVIS

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[1] Repeated to New York, Damascus, Beirut, Amman, Baghdad, Cairo, London, and Paris. Sent by pouch to Ankara, Jidda, and Jerusalem.

[2] Not printed, but see footnote 3, Document 521.

[3] Document 524.

[4] In telegram 400 from Damascus, Dec. 1, Ambassador Moose reported that Colonel Shishikli had stated that Syria was ready to resume discussions (as indicated in telegram 323 to Damascus, Nov. 19, described in footnote 3, Document 521). Shishikli was awaiting advice through Colonel Taxis that the Israelis were likewise ready. Moose added that an approach by the Department to the Syrian Embassy appeared unnecessary. (783.00/12-152)

No. 529

683.84A/12-852: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, December 8, 1952—3 p. m.

411. Tel Aviv Embtel 902, December 3. Limited quantity arms for Syr need not lessen chances Syro-Israeli agrmt. Strong regime in Damascus can more effectively carry out policy of conciliation. Only major Syr agrmts on sensitive issues since Pal war have been concluded by strong Govts: Tapline concession and Syro-Israel armistice by Zaim, and UNRWA agrmt by Shishikli. That supply of arms enhances Western influence in Syr demonstrated by French and more recently by UK (Embdes 314 November 20). [2]

Against advantages to West of promotion stable and friendly regime in Arab states, Israeli arguments against delivery UK jets would seem carry little weight. Israel reliance should surely not be placed on keeping surrounding states impotent and unsatisfied but rather on increasing coop among mutually self-respecting states in context tripartite declaration and eventual area defense arrangements.

ReEmbtel 400 December 1 [3] MAC chairman Taxis confirms he forwarded to Israel reps several weeks ago Syr message indicating GOS willingness resume discussions. If, as described Tel Aviv Embtel 665 October 23, Israel is interested "in making [peace] with neighbors and becoming integrated in region," difficult see why Israel so slow in responding forthrightly to Syr initiative on zone discussion.

MOOSE

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[1] Repeated to Tel Aviv, Amman, Baghdad, Beirut, Cairo, London, and Paris.

[2] Not printed.

[3] Not printed, but see footnote 4, *supra*.

No. 530

357.AC/12-1652: Circular telegram

The Acting Secretary of State to Certain Diplomatic Missions [1]

SECRET WASHINGTON, December 16, 1952—5:24 p. m.

673. Depcirtel no. 671 Dec 15 [2] and 586 Nov 22.[3] Eight-State res on Pal which passed *Ad Hoc* Polit Comite Dec 11 by vote 32 pro 13 con 13 abstentions scheduled for consideration in GA plenary session Dec 16. US supported res in Comite and intends vote for it in plenary. USGADel being instructed stay out of continuing controversial sitn but indicate to other dels if asked that we will vote in plenary as in Comite.

Dept aware effects this decision which will be felt primarily in NE area but hopes Missions may be able abate criticism somewhat if they aware fol:

1. Res does not destroy or reduce any real or alleged Arab rights provided in previous UN res.
2. Pal item placed on agenda by Arabs against advice friendly dels which object Pal items being placed before every session with little evidence Arab willingness seek solution.
3. Arab res to abolish PCC and create new org having new terms ref with increased membership met gen opposition and although not tabled was considered by many dels as attempt by Arabs to avoid peace settlement.
4. UN members have natural desire seek solution problems. They contrast negative Arab attitude with positive Israel attitude calling for direct negots.
5. Dept hopes that when Arab resentment cools somewhat eight-state res cld be face-saving device whereby some Arab states cld justify negots with Israel.
6. It is our belief that if peace is to be attained in NE parties concerned must decide issues in direct negots. Decisions hardly likely to be made on their behalf by third parties or by special orgs as shown by experience since 1948.
7. US was not a sponsor of res. US did however support it as most constructive of resolutions tabled.
8. Dept hopes passage of res will tend to reduce repeated UN debate on Pal question.

BRUCE

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[1] Sent to Cairo, Baghdad, Amman, Beirut, Damascus, and Jidda; sent by pouch to Paris, London, Ankara, New York, and Tel Aviv.

[2] Circular telegram 671, Dec. 15, 5:23 p. m., sent to the Arab capitals, contained the text of the revised eight-power resolution (A/AC.61/L.23/Rev.4) adopted by the *Ad Hoc* Political Committee at its 39th meeting on Dec. 11. (357.AC/12-1552)

[3] Not printed.

No. 531

320/12-1752: Telegram

The Acting Secretary of State to the United States Mission at the United Nations

SECRET PRIORITY WASHINGTON, December 17, 1952—8:02 p. m.

Gadel 104. Re Palestine. By direct order of Pres conveyed to Acting Sec tonight, you are instructed to vote against any amendments to Pal res [1] as it stands and to muster all support you can for res in its present form.

BRUCE

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[1] Reference is to the eight-power resolution as revised (U.N. doc. A/AC.61/L.23/Rev.4), adopted by the *Ad Hoc* Political Committee at its 39th meeting on Dec. 11. The report of the Committee (U.N. doc. A/2310) was considered by the General Assembly at its 405th and 406th plenary meetings on Dec. 18. The draft resolution proposed by the Committee was rejected by a roll-call vote of 24 in favor (including the United States) to 21 against, with 15 abstentions. (A/PV.405-406)

No. 532

884A.00 TA/12-1852: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY TEL AVIV, December 18, 1952—7 p. m.

992. Pursuant proposal Embtel 966, [1] I called on FonMin Sharett this morning accompanied by McDaniel to emphasize as instructed by Deptel 579 [2] inadvisability endeavor meet debt payments from US aid funds and Dept's feeling responsibility take steps meet debt problem lies with IG. Avriel and Bendor also were present. I said I knew from our earlier conversations FonMin held view that aid program shld not be disturbed, and he readily agreed that debt management is responsibility of IG and that aid funds shld not be requested for settlement of old debts. As to latter point, however, he said he had always stressed by conversations with US officials importance attached to finding some means of refunding unmanageable short term debt. In reply stated I knew IG agreement that

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[1] Telegram 966 from Tel Aviv, Dec. 16 (884A.00 TA/12-1552) stated that the Embassy and TCA Mission would soon convey to the Israeli Foreign Minister the substance of the Department's telegram 579 of Dec. 11. (884A.10/11-2652) The latter telegram stated the Department's belief that the Israeli Government must assume responsibility for meeting its debt problem, and that it was inadvisable for Israel to seek further TCA funds to meet its debt payments.

[2] Dated Dec. 11; see footnote 1 above.

simple refunding without basic fiscal reforms wld not only fail to solve problem but wld constitute real danger for future. Mentioning that work of IG in effecting reforms in fiscal procedure is being followed with great interest, added that our specialists in such matters wld appreciate info re IG's plans for meeting sit if there is delay in receiving Ger reparation payments and/or any shortfall in other sources of fon exchange income.

DAVIS

No. 533

683.84A/12-1852: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, December 18, 1952—8 p. m.

994. Embtel 902 [2] and Damascus Embtel 411 to Dept. [3] FonMin Sharett confirmed to me today Israel interest in continuing conversations with Syria. He stated "matter by no means dormant" but on contrary subj active consideration. He reminded me that there had been important change in high level milit command namely appointment Makleff to succeed Yadin as Chief of Staff but stated he understood new milit auths now ready with recommendations which he expects to receive Cabinet consideration within next few days. He stated also that IG wld not have postponed resumption of conversations to await outcome of GA action on eight-power res if long delay wld have been involved, but since only few days' delay in question he had thought it advisable await outcome before arranging definite date for continuation talks with Syria.

DAVIS

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[1] Repeated to New York, Damascus, Beirut, Amman, Baghdad, Cairo, London, and Paris; sent by pouch to Ankara, Jidda, and Jerusalem.

[2] Document 528.

[3] Document 529.

No. 534

357.AC/12-1952: Telegram

The Ambassador in Lebanon (Minor) to the Department of State[1]

SECRET BEIRUT, December 19, 1952.

1206. I have refrained from expressing my opinions re our UN attitude on Palestine because I have not wished compromise my reporting usefulness by overemphasis, for fear of being marked down as unreasonably pro-Arab (which I am not) and to avoid reputation of being a crank (which I hope I am not). But dream world aura of Dept's 671, Dec 15, 1952,[2] causes prudence to give way to candor. Please, therefore, bear with me while I play this last (tragic) movement of Near Eastern sonata.

I have long plugged for an area-wide, unbiased, truly Amer Near Eastern policy, free from Zionist pressures or Arab emotional intransigencies. We simply must reassure Arabs, set at rest their overweening fears, and give evidence of objectivity. If this is not done, it is quite possible Arab world will drift into chaos and ultimately go way of China. It is even possible that Russian game of anti-Semitic footsie will give Russians high position in Arab world which is already full of neutralism. Perhaps we have deceived ourselves into thinking Arab world in last four years was out of the battle. Arabs have indeed been punch drunk, but they are very much back in the ring for another go and have plenty of new-found energy and friends to see them through.

I have long also stressed the view that mechanisms of power in NE are inadequate to remedy situation until human, psychological, political atmosphere is improved. I have consistently advised against pushing MEDO until the general political framework in NE is right. I have pointed out hopelessness improving our position through Point 4 under these negative circumstances. I now suggest that economic aid to NE is unrealistic until we have psychological setting in which such efforts could be made effective. Gailani in Iraq told Sen Gillette that 15 billion dollars of Amer money under these circumstances wld not win Arab world and had just as well be poured into Mediterranean. This is bravado and exaggeration, but it contains generous germ of truth.

Specifically, if our action on Palestine at UN was designed to put Arabs on defensive or show Arab world exactly where we stand, it was successful. If, however, our eye was on ultimate objective of re-establishing an Amer leadership position in NE, it was misguided. Coming at time when Arab world is inflamed against us, when logic has given way to emotionalism, and when Arabs are beginning to turn screws on us in retaliation, such actions set us back violently and needlessly. True, the Arabs are acting in a childish fashion, the difficulty of dealing with them is more than apparent to us who face them daily. But if we are to make progress, we must endeavor see things through their eyes and understand the complexes which govern them.

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[1] Sent by pouch to Amman, Baghdad, Cairo, Damascus, Jidda, and Tel Aviv.

[2] Reference is presumably to circular telegram 671 of Dec. 15; see footnote 2, Document 530.

I wish I were capable of painting a word picture to instill in the Dept the sense of urgency to our own national interest which we Americans of all kinds in the NE feel. Loss of this great land mass, coming on top of the loss of China, could truly be a national catastrophe. It can be avoided, in my opinion, if hard decisions are taken. The Arabs will and must be required to settle for less than the destruction of Israel. Once they are convinced that we are not solidly with Israel and against them, and once our leadership position is restored, we can follow a middle of the road course with courage and conviction.

It is a time of hard decision. Could we not seek out some reasonable action which would convince the Arab world of our objectivity. I suggest the internationalization of Jerusalem (although I know reaction in Wash will be that it is impossible and can be done only by force). Nevertheless, it is a just issue on which to stand, one already approved by the UN, and one which wld give dramatic evidence to the Arab world that we can say "no" to Zionism. In any event, I hope we will stop trying to force Arab world into peace with Israel for this can only frustrate its own objective and contribute to our further decline in the area.

MINOR

No. 535

320/12-2052: Telegram

The United States Representative at the United Nations (Austin) to the Department of State

SECRET NEW YORK, December 20, 1952—2:24 p. m.

Delga 389. Re Palestine. For Dept's consideration and further planning our conclusions on outcome of Pal debate may be summarized as fols:

1. Defeat of 8-power draft res, after our intensive efforts obtain wide support (Gadel 104)[1] and our consistent efforts from beginning debate to encourage widespread expression opinion favoring direct negotiations, should not be regarded as substantive setback. Net result of consideration Pal question this Assembly has been to make clear that majority opinion in UN favors settlement undertaken directly by parties and that Assembly can no longer be expected entertain discussion on Pal question on basis past Arab policy and practices. Net result may also indicate, however, Assembly cannot be expected to give affirmative sanction to total disregard by Israel of past UN resolutions on Pal.

Arab reps here, we feel, recognize that their reliance on past resolutions to avoid practical solution and settlement with Israel of outstanding Pal questions has lost much of its effectiveness. Thus Jamali (Iraq), following yesterday's plenary mtg, said to USDel he recognized Arab policy in bringing question to this session of Assembly had been mistake, but that there were still constructive actions that could be taken which he sincerely hoped we would not lose sight of. (He also expressed regret that situation had led to Sov support.)

Mostafa (Egypt) expressed his belief that outcome Pal debate provided opportunity for constructive action by continuing PCC efforts on practical problems and said he planned so inform PCC by letter. Mostafa expressed his disgust and regret at Arabs' bad handling Pal question and his disagreement with statement attributed to Shukairi (Syria) following plenary that PCC was not removed from Pal question. These and other substantial indications of split in Arab bloc will need careful appraisal in terms of our future policy toward the Arab States individually and as a group.

Israel reaction on outcome, as expressed to USDel immediately after plenary and later in evening, was one of satisfaction bordering on enthusiasm. Although disappointed GA was incapable taking desirable affirmative action, their net appraisal is that Assembly has in effect told parties it is up to them to settle their differences and that Arabs have actually suffered major defeat. (Arabs, on other hand, will certainly portray rejection of comite res as major defeat for Israel.) On questions of repatriation and internationalization of Jerusalem, Israel reps expressed view UN interest in these principles had been effectively diminished. Rafael stated that yesterday's vote showed UN can no longer muster a majority vote for internationalization of Jerusalem and that to put question thus to test had been from Catholic standpoint great error. Thus if local reps views can be taken as indicative general

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[1] Document 531.

Israel attitude, Israel may well feel that as result of this year's Pal debate they are freed from some of the troublesome restraints UN has previously imposed.

There was suggestion in Eban's and Rafael's attitude of feeling that PCC no longer had any function to serve. This attitude with respect to PCC seemed however to be more one of conjecture than a firm position.

2. Foregoing leads us to conclusion that outcome Pal debate this year can be turned to constructive advantage if urgent efforts are now made on realistic basis to deal with practical problems. Debate has cleared away some of atmosphere of unreality and, if prompt consideration is given problems of compensation and territorial adjustments of armistice lines, important and necessary progress can be made looking toward ultimate settlement between parties.

Arab Govts on reflection may well feel that they must salvage from their Pal policy some practical gains and therefore be more ready now to accept compensation and resettlement of refugees.

It seems to us most important, however, that time not be lost in pursuing these practical questions while some at least of Arab States are in receptive mood. If impression should be created that nothing along lines of compensation and territorial adjustment will be attempted the strength of extremists like Shukairi will be confirmed at expense of moderate Arab sentiment disposed to early settlement. Likewise, unless Israel is promptly advised to pursue program of blocked accounts to conclusion, and to undertake compensation and territorial adjustments without delay, tentative Israeli view that little of substance may now be expected of them will be confirmed and opportunity to move ahead in any of these fields may be lost.

3. We recommend that Dept consider immediate instructions to our missions in Tel Aviv and Arab capitals in light of above conclusions and encourage prompt action by Israel Govt and where appropriate by PCC on compensation, and conclusion total release of blocked accounts. If this done and Israeli reaction promising, Arab Govts should be encouraged anticipate results. Similarly disturbances on Israel borders should be made occasion strong representations that Israel make progress in enlarging armistice agreements and settling territorial problems involving demilitarized zones. These points are all matters on which Eban indicated in statements to committee progress could be made. In discussions prior to Assembly debate, Eban indicated Israel view that work along these lines could continue with assistance present UN machinery without Assembly action.

Missions in Arab countries and Tel Aviv should be informed of role played by Sov bloc in ensuring defeat of res unacceptable to

Arabs as portending probable role Sov will play if prompt and realistic efforts by both sides to deal with these problems not made.

In addition to representations in Tel Aviv and Arab capitals, we urge early discussion with Israel Amb in Wash if Dept shares our appraisal and need for action.

AUSTIN

No. 536

786.56/12-2952: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, December 29, 1952—1 p. m.

1039. Reference Embtels 786 [2] and 993. [3] FonMin Sharett asked me to call at his residence late afternoon December 26. He received me in presence director [4] and took up once more subj reftels. He expressed "grave disquiet" over arms policy of western powers and ME, which he feels affects adversely prospects for peace, Israel's security, and plans for area defense. He said immediate source of concern was report from Israel Embassy Washington re conversation with Deputy Assistant Secretary Jernegan who had stated it impossible comply with Israel request obtain US jets at nominal price or receive free military aid, and indicated at same time USG might find it necessary extend military aid to Egypt.

FonMin stated that inference to be drawn from above is that tripartite declaration is no longer "sheet anchor of peace in area", since implication of declaration that there shall be no change in balance of power in area will be invalidated by British jet deals and proposed US military aid. He remarked that concerted action by powers apparently abandoned since British action re jets taken without prior US knowledge; and complained that nations which opposed direct negotiations in UN are not being subjected to pressure to make peace, but on contrary are actually rewarded by having arms put into their hands. He mentioned further absence of action re Suez blockade encourages Naguib to continue on his present course.

FonMin concluded with statement that seriousness of position make it impossible for Israel Government to keep silent, and that in circumstances matter would be discussed in cabinet meeting and public statement on subject would be made. Summary of official release published in morning papers follows.

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[1] Repeated to London, Cairo, Baghdad, Beirut, and Damascus.

[2] Document 517.

[3] Not printed.

[4] Presumably the Director of the American Division of the Israeli Foreign Office.

DAVIS

No. 537

884A.00 TA/12-3152: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET TEL AVIV, December 31, 1952—6 p. m.

1064. Embtel 881. [2] Helpful attitude toward Yarmuk project indicated by Israeli Government in August (when Foreign Minister Sharett suggested to Fryer and me that US Point IV and Israel engineers discuss matter so that Israeli Government would be sufficiently informed to avoid actions that might hamper project—Embtel 281) [3] has been replaced by one of suspicion and resentment.

In line with apprehension revealed by Foreign Minister, (reftel), chief US division Foreign Ministry again raised Yarmuk question with Embassy officer, stating that "rumor strongly persists that mutually beneficial agreement for the construction of a dam as well as for a power and irrigation scheme has been signed between Syria and Jordan". Israel, he stated, "is not being kept informed" and "fears it will be faced with *fait-accompli*". In reply to Embassy officers reminder that Department had reaffirmed its assurances that it viewed favorably discussions between Israel experts and the engineers concerned, informant took position that meeting of engineers was now of "secondary importance" and that basic principle was involved. He stressed fact that Jordan's complaint last summer to changing salinity of Jordan River was taken up with Israel Government, while Israel not being kept informed of Yarmuk project vital to her interests. Expressed opinion that "If Israel finds self faced with *fait accompli* it will have to draw obvious conclusion that unilateral action by one side justifies unilateral action by other". During same conversation Tekoah of Foreign Ministry legal division reinforced above view with specific reference to interests of Kibbutzim on right bank of Yarmuk and Palestine electric concessions, and stressed "Israel's right to be consulted before plans for project worked out". Water problems in area, he emphasized, could only be handled on inter-state basis and Israel ready to discuss water problems directly with Arab countries on any level.

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[1] Repeated to Amman, Damascus, and Beirut.

[2] In telegram 881 from Tel Aviv, Nov. 28, Davis reported that Sharett had mentioned to him that morning having seen press reports that Jordan and Syria had signed an agreement on the Yarmuk project. Sharett referred to prior expressions of the Israeli Government's interest in the matter and its desire to be kept informed, and suggested that a project involving Yarmuk water rights should be the subject of international conversation. Davis recommended to the Department early action to bring Israel into discussions. (884A.2614/11-2852)

[3] Telegram 281 from Tel Aviv, Aug. 18, reported that Ambassador Davis and Fryer had expressed the hope to Sharett that the Israeli Government would not put obstacles in the way of Jordan's Yarmuk project. Sharett suggested that U.S. Point Four and Israeli engineers discuss the matter at a technical level in order that Israel be sufficiently informed to avoid actions that might hamper the project. A representative of the Foreign Ministry had recently reexpressed the interest of the Israeli Government in having such discussions take place. (884A.00 TA/8-1852)

DAVIS

No. 538

786.56/1-553

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] January 5, 1953.

Subject: Arms Supplies for States of the Near East.

Participants: The Secretary
Ambassador Abba Eban, Israel Embassy
Mr. David Goitein, Minister, Israel Embassy
Col. Chaim Herzog, Defense Attaché, Israel Embassy
NE—Mr. Hart
NE—Mr. Waller

Ambassador Eban, accompanied by Mr. Goitein and Colonel Herzog, called on the Secretary at 4:30 today to express the concern of the Israel Government at the prospect of arms being supplied to the Arab States, particularly Egypt.

The Ambassador's statements were, in effect, a résumé of information furnished the Department during the past several weeks by members of the Israel Embassy and by the Israel Minister for Foreign Affairs to Ambassador Davis in Tel Aviv. Ambassador Eban left an *Aide-Mémoire* which covers the points made. These were:

1. The Arab States have been enabled to strengthen their armed forces beyond the scale of Israel's increase in defensive strength. Egypt, which is within easy range of Israel, has already acquired many jet-propelled aircraft from the Western Powers, while Israel has not a single aircraft of equivalent speed or power. The Ambassador recalled that the invasion of Israel in 1948 began with bombing attacks by Egyptian aircraft on the undefended city of Tel Aviv.

2. The United Kingdom, in November 1952, announced its willingness to sell further jet-propelled aircraft to Egypt, and 14 such aircraft each to Iraq, Syria, Lebanon and Israel. The results of this transaction were:

a. a further and sudden increase of the air strength of the Arab States in relation to Israel; and

b. the imposition on Israel of the necessity to keep pace with this Arab rearmament by diverting funds from economic development to arms purchases. Israel was given to understand that the United States had not supported, but had been unable to prevent this action by the United Kingdom.

Thus, a fair level of armament was no longer being observed between Israel and the States whose armies had invaded her in 1948; the Western Powers were sending arms to Arab States without tripartite coordination; and an arms race had begun, involving political tensions and financial strain.

3. On November 10, 1952 the Governments of the United States and the United Kingdom replied to a Note which the Israel Government had submitted on this question on September 30, 1952. These replies were deeply disappointing. They implied that the refusal of Arab States to negotiate a peace settlement with Israel had no effect on the fitness of those States to receive shipments of arms from the very Western Powers which strongly believed that a peace settlement should be negotiated.

4. On November 13, 1952, Foreign Minister Sharett asked Ambassador Davis for information on United States policy in the supply of arms to Arab States and suggested alternative methods whereby the United States might assist Israel to make the arms purchases necessitated by the unfortunate decision to supply jet planes to the Arab States.

5. On December 17, 1952, Israel's disquiet was increased by a conversation between Acting Assistant Secretary of State Jernegan, Minister Goitein and Colonel Chaim Herzog of the Israel Embassy. From this statement it emerged that

a. The United States did not intend to oppose the supply of jet aircraft by the United Kingdom to Arab States, or to facilitate by financial aid the acquisition of jet planes by Israel.

b. On the other hand, the United States appeared to be contemplating a measure of special military aid to Egypt in order to strengthen the regime in power there.

In their conversation on December 26, 1952, Ambassador Davis was able to give Mr. Sharett no assurances which would indicate that the apprehensions of the Government of Israel were not well founded.

6. On December 30, 1952 the Government of the United Kingdom publicly announced its intention to continue selling jet aircraft to

the States of the Near East. This statement was issued immediately after the Arab governments, meeting in Cairo, had reaffirmed their refusal to conclude a peace settlement with Israel, notwithstanding the express desire of the Western Powers that they negotiate such a settlement.

This disposition by the United States and the United Kingdom to increase the armament of Arab States, principally Egypt, has coincided with the following political developments in the Near East.

a. On September 14, 1952, at a time when a moderate atmosphere was beginning to prevail, six Arab States decided to raise a discussion of the "Palestine" question in the United Nations on the basis of vehement charges against Israel and extreme one-sided proposals. The General Assembly ignored or rejected all these charges and proposals, but only after the Arab States had provoked a fierce debate which increased regional tension.

b. In September 1952, under the initiative of General Naguib, the Arab States published a declaration that they were "at war" with Israel and threatened the Federal Republic of Germany with drastic reprisals if that Government did not repudiate its agreement obliging it to make material compensation for the plunder of European Jewry.

c. In the United Nations on November 12 and November 25, 1952, Egypt again announced its alleged state of belligerency with Israel as a reason for opposing the Israeli-German agreement. The Ambassador said he understood that it has not been usual for the United States to authorize the export of arms to States which proclaim belligerency and a "state of war" with other States in friendly relation with the United States.

d. During December 1952 the Arab States in the United Nations, together with Asian and Communist states, opposed a Resolution supported by the United States, the United Kingdom, France, many countries of Western Europe, the Commonwealth and Latin America, and later approved by the Special Political Committee of the General Assembly, calling for a negotiated peace between the Arab States and Israel. The United States spokesman had described this Resolution as "fair to all legitimate Arab interests." Israel had accepted it and made a detailed peace proposal, including non-aggression undertakings, to which the Arab States had failed to respond.

e. Egypt has continued, and still continues, to refuse compliance with the Security Council's Resolution of September 1, 1951 calling for an end of all blockade regulations and practices. While Egypt appears to have retreated, under the prospect of discussions in the United Nations, from particular extensions of the blockade recently initiated by General Naguib, the blockade regulations as they existed when the Security Council condemned them on September 1, 1951 are still in force without any modification. The Ambassador said he understood that it has not been usual, since the establishment of the United Nations, for the United States to authorize the export of arms to a government which was in violation of the security provisions of the Charter of the United Nations, as interpreted in a Security Council Resolution. Indeed, on August 4, 1949, according to statements made by Ambassador Warren Austin, the United States undertook to support the resumption of arms to Near Eastern states only on condition that no "acts of hostility" would be committed and by definition of the United States representative in the Security Council on August 16, 1951, blockade is certainly to be regarded as an "act of hostility".

f. The Arab Governments, especially Egypt and Syria, have continued to dissociate themselves from all plans for defending democracy in the Near East against any aggression from outside. It will be recalled that in the Security Council on June 25, 1950, Egypt had declined to approve resistance to aggression in Korea, with the result that this resistance was almost deprived of the international sanction which constitutes one of its most important moral and material assets. Proposals for regional defence in the Near East have been frustrated by Egypt's opposition in principle, which has still not been modified. As recently as December 23, 1952, Egypt and Syria aided a Communist propaganda manoeuvre by leading a group of Arab-Asian States in abstaining on a Resolution directing gross insult against United Nations forces, and especially American troops in Korea.

g. Democracy, which is the only sure moral foundation for a free world united against tyranny, has been increasingly set aside in Arab States in favor of dictatorships, at the very time when Parliamentary government has been stabilized and widened in Israel. To the Government of Israel it appears inconceivable that the Western Powers, in their arms policy, should discriminate in favor of those whose internal and international policies show no responsible awareness of the threats to world freedom.

The Ambassador summarized by saying the Arab Governments, principally Egypt, are in conflict with the policies of the free world, including Israel, on the following points: Refusal to negotiate an Arab-Israel peace settlement; maintenance of a doctrine of belligerency and war; active practices of blockade in pursuit of a theory of belligerency rejected by the Security Council; neutralism accompanied by a refusal to cooperate with Israel or with other powers in organizing the defence of the area for freedom; unwillingness to maintain or respect free institutions.

Each of these factors by itself might well justify the suspension of projects for increasing the armament of Arab States. In aggregate, they seem to constitute a remarkably impressive list of disqualifications for arms aid.

There are many methods, short of the perilous increase of military power, whereby the Western Powers, if they desire, can strengthen the economic stability of Near Eastern States in ways which would not affect Israel's security. There are also opportunities whereby the influence of the Western Powers could be effectively used to promote peace and democracy in the area. But for the Western Powers to select this moment of renewed tension for sending arms to Egypt, or other Arab countries, would surely constitute a threat to the security of Israel; to the peace of the Near East; and to principles of equity, caution and restraint which the United States and the United Kingdom both agreed to observe in statements to the Security Council on August 4, 1949, and in the Tripartite Declaration which they made jointly with France on May 25, 1950.

The Secretary stated that he was impressed with the seriousness of the problems raised by the Ambassador. The Arab reaction to the Israel-German agreement came as a surprise to him, the Secretary said, as he had not anticipated such a strong reaction. He hoped a solution would soon be worked out.

The Secretary then referred to the question of arms for the Arab States and said that our participation in the Tripartite Declaration was, and continues to be, a serious undertaking. We do not have the slightest disposition to start an arms race.

The Secretary said we do want to strengthen General Naguib, although we find it difficult to determine how best to do so. The Secretary felt that General Naguib has moved a long way toward a solution of the Sudan problem, and appears willing to do something regarding the base. After these two problems have been resolved General Naguib should be able to move toward peace, including the Suez blockade and other problems which more directly concern Israel.

The United States has considered ways to extend economic help to General Naguib, but we have a surplus of what the Egyptians have available for sale. Long staple cotton is an example. General Naguib wants military equipment. Most of it is for internal security purposes, but some is not. Regarding the latter, the Secretary felt that the Israel Government was rightly concerned. However, we do not consider the amount contemplated involves any threat to Israel. Our purpose is to provide General Naguib with a foundation of military assistance—to encourage him and to get him into a position where he will be with us, and not out of control. We see no threat to Israel—or at most only a "paper" or theoretical threat, as General Naguib's army is not very good and our military aid will be so modest it could not cause any upsetting of the balance in the Near East.

With regard to the British decision to supply jet aircraft to certain Near East states, the Secretary said that this came as a surprise to him. He understood the British motivation was purely commercial.

In conclusion the Secretary said that all he could say at the moment was that he was deeply appreciative of the seriousness of the problems raised by the Ambassador and that he would carefully reexamine them in the light of what the Ambassador had said. He emphasized, however, that we believe it is most important that two problems—Sudan and the base—be settled as soon as possible.

Ambassador Eban informed the Secretary that Israel's Foreign Minister, Mr. Sharett, has gone to Rangoon to attend the Asian Socialist Conference. The Foreign Minister instructed Ambassador Eban to express to the Secretary Israel's appreciation for the consideration which the Secretary has always shown and the help given in the solution of some of Israel's problems.

No. 539

683.84A/1-653: Despatch

The Ambassador in Syria (Moose) to the Department of State

SECRET DAMASCUS, January 6, 1953.
No. 402

Ref: Embtel 462, January 1, 1953 [1]

Subject: Head of State Selo Comments to Ambassador on Syro-Israeli Relations

During a conversation on subjects of mutual interest on December 29, General Selo made some interesting observations on his country's present and future relations with Israel (see enclosure), [2] in the course of which he predicted "peace" with that country in due course if Israel would abandon its provocative tactics. The Head of State ridiculed Israel complaints about Syrian "aggressive" intentions, stating that there was no thought of using arms which Syria has or may eventually secure against Israel, and indicated his willingness to give assurances to this effect if the additional arms Syria needs for its defense could thereby be obtained.

So far as the Embassy knows, this is the first reference by a Syrian official, even privately, to the possibility of "peace" with Israel. General Selo's comment reflects the increasingly realistic view which he and Colonel Shishikli are taking of the Palestine question. His remarks lend added moment to Syria's standing offer to Israel (Embtel 400, 12/1/52) [3] to undertake direct negotiations with a view to replacing the present demilitarized zone with a *de facto* frontier. Though the Syrian Government will hardly go as far to meet Israeli desires as the Tel Aviv Government would like, it is hoped that the opportunity created by the Syrian willingness to negotiate some points of difference now will not be lost through continued delay in the Israeli reply. A limited frontier accord such as is now desired by Syria need not exclude the possibility of more general settlements in the future.

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[1] In telegram 462 from Damascus, Jan. 1, Moose reported on his conversation of Dec. 29 with Chief of State Selo and Colonel Shishikli. (783.5/1-153)

[2] Below.

[3] Not printed, but see footnote 4, Document 528.

JAMES S. MOOSE, JR.

[Enclosure]

EXCERPT FROM MEMORANDUM OF CONVERSATION OF DECEMBER 29, 1952, BETWEEN AMBASSADOR MOOSE AND GENERAL SELO

General Selo ridiculed Israeli complaints about Syrian "aggressive intentions". He stated that Syria is desirous of eliminating frontier incidents with Israel, adding that he recognized the fact of Israel's continued existence and the need for Syria to accommodate its policy to that fact. He predicted peace with Israel in the course of time, provided Israel can be persuaded to abandon its provocative tactics. He described the role of "God's chosen people" as being difficult for any nation and said that Israel has hitherto been anything but a good neighbor to Syria. However, the Syrian authorities have no thought of using arms which they have, or may eventually secure, against Israel. General Selo indicated his willingness to give assurances to this effect if he could thereby be enabled to secure arms which Syria needs for its own defense.

No. 540

884A.00 TA/1-953: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, January 9, 1953—7:25 p. m.

660. Embtel 1064 [2] (rptd Amman 114, Damascus 114, Beirut 151). Dept can appreciate Israel concern re Yarmuk Project in view public statements reportedly made by authorities Amman. Suggest Emb so inform Israel Govt and supply fol background.

Officers UNRWA and US have been attracted by proposal build storage dam on Yarmuk River near Maqarin Station made by TCA engineer Mills Bunger who heads Coop Water Resources Develop Dept of Jordan Govt. Dam if feasible and otherwise desirable could apparently provide water for irrigation land on which upwards 100,000 Palestine refugees might be settled. In natural desire utilize any means at hand meet extremely serious refugee problem, considerable enthusiasm generated for project. Important Jordan officials are already understood to have concluded project would provide large-scale develop sorely needed both for refugees and Jordan economy as whole, and Jordan Govt has entered into negots with Syria to ascertain whether agreement that Govt can be reached.

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[1] Repeated to Amman, Damascus, and Beirut.

[2] Document 537.

While very much interested in potentialities dam Dept believes insufficient information has been developed permit decision either as to desirability or feasibility dam or serve as point of departure for useful discussions, for example, between UNRWA and Israel engineers. In effort to obtain more info, US on one hand participating with UNRWA and Jordan Govt in surveys Yarmuk Valley and on other has obtained for UNRWA services Tennessee Valley Authority to make desk study Jordan–Yarmuk topography as whole and to analyze alternative proposals for water develop entire region. It may be necessary to keep study and analysis confidential if it involves discussion develop info concerning Israel which Israel would not wish Arab states to have or similar info concerning Arab states acquired in confidence from Arab sources. On basis info supplied by study which we expect receive in 4 months time, however, it is hoped Dept and UNRWA can determine form which regional water develop might reasonably take, subject to technical findings in field as to feasibility, and that data will then be on hand to conduct whatever discussions with Israel might be called for. Dept does not intend draw any conclusions with respect to either advisability or feasibility any regional water develop scheme prior conclusion over-all study.

ACHESON

No. 541

683.84A/1-1353: Telegram

The Secretary of State to the Embassy in Lebanon [1]

SECRET PRIORITY WASHINGTON, January 14, 1953—5:09 p. m.

411. Re Damascus 482 Jan 13. [2] Department wishes leave no stone unturned to assure success, however limited, January 15

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[1] Repeated to Tel Aviv as 679 and to Amman, Baghdad, Beirut, Cairo, and Jidda.

[2] In telegram 482 from Damascus, Jan. 13, Ambassador Moose reported that Colonel Shishikli confirmed that Israeli agreement had been received for the renewal of

Continued

Israel-Syrian meeting on demilitarized zone problems. Department hopes that abortive results October 9 meeting together with charges and counter-charges concerning responsibility for failure, different terms of reference, uncompromising attitudes, etc. are avoided. In Embassies' discretion, therefore, Tel Aviv and Damascus should express USG interest in success of talks, urge spirit of compromise and express need for settlement of demilitarized zone problems. If obtainable, Department would be most interested in terms of reference under which each side is entering discussions. [3]

ACHESON

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talks with Syria on demilitarized zone problems, in abeyance since Oct 9. A new meeting was scheduled for Jan. 15. (683.84A/1-1353)

[3] Ambassador Moose reported on Jan. 15 that Colonel Shishikli had expressed appreciation for the U.S. Government's interest in a solution to the problems of the demilitarized zone and affirmed the sincerity of Syria in proposing division of the zone. Shishikli was reluctant to discuss the terms of reference of the Syrian members of the Mixed Armistice Commission; Moose reminded the Department that Shishikli's views on division of the demilitarized zone had been reported in telegram 345 of Nov. 6. (Telegram 490 from Damascus, Jan. 15; 683.84A/1-1553)

No. 542

683.84A/1-1653: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, January 16, 1953—7 p. m.

1141. Embtels 779 [2] and 902. [3] Although Deptel 679, January 14 [4] was not received until today, January 16, Embassy lost no opportunity express USG interest in success of talks and stress advantages settlement demilitarized zone problems. Most recent occasion was January 13 when matter was discussed with Kozlek now Director General office Prime Minister, who agreed that all possible should be done reach settlements with Arab neighbors. Later he advised that he had discussed matter with Ben Gurion, who is now taking vacation in Tiberias, and that latter was in agreement re importance of making real effort improve relations.

In presence of Director General Foreign Ministry, Walter Eytan this morning, Joseph Tekoah who attended yesterday's meeting as representative Foreign Ministry reported that meeting was convened at 11:30 a.m. at Rosh Pina where UNTSO was represented by Colonel Taxis and Mr. Vigier Syria by Lieutenant Colonels Jaddid and Shetula, and Israel by Brigadier General Dayan, Lieutenant Colonel Gaon, and Majors Friedlander and Modai. He stated that in opening remarks General Dayan accepted Syria's suggestion that negotiations be within framework of armistice agreement. Colonel Jaddid then proposed agenda of four points, namely implementation of Security Council resolution May 18, 1951; *status quo* in demilitarized zones; restoration of normal civilian life therein; and modification of demarcation line. Israeli Government representatives raised Yugoslav delegation objections to considering first three points, adding observation that if agreement should be reached on point four discussion of others would be unnecessary.

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[1] Repeated to Damascus; sent by pouch to Jerusalem, Amman, Baghdad, Beirut, Cairo, and Jidda.

[2] Document 516.

[3] Document 528.

[4] Printed as telegram 411 to Damascus, *supra*.

Informant stated Colonel Taxis supported proposal to exclude first three points in order to "get along with" important fourth point. Jaddid accepted, whereupon Chairman called a recess during which Jaddid stated informally he would propose demarcation line that would extend through center of Huleh Lake and thence along course of Jordan River through center of Lake Kinnereth (Sea of Galilee). He intimated this would not necessarily be last word, which was taken to mean that Syria would be disposed to consider a line taking into account Israeli agricultural settlements on eastern shore of both lakes (Dardara on Huleh and Ein Gen on Sea of Galilee). It was agreed that meeting should be reconvened so that Syria delegate could make his proposal of record and Israel's representative could make reply for consideration of Syrian Government prior to next meeting.

After recess Jaddid put forward proposal as above outlined; and General Dayan replied line as suggested would be unacceptable to Israeli Government, which considers international boundary with possibly minor modifications to East and West, proper basis for settlement. Next meeting was set tentatively for Monday January 19.

It was mentioned in conversation which followed that Syria proposed stipulation that agreement would be "without prejudice to a final settlement", concerning which Eytan remarked facetiously that he might add "and without advantage to Israel". In discussing Syria's interest in fishing rights, those present expressed view there should be no difficulty over this point since Israeli Government had already taken position it would recognize rights of individuals to fish as under mandate. It was apparent however, that Foreign Ministry representatives felt that proceedings of meeting had gone much as expected, and although not optimistic they consider it desirable proceed with negotiations.

DAVIS

No. 543

310.5/1-1653: Telegram

The United States Representative at the United Nations (Austin) to the Department of State

[Extract]

SECRET US ROUTINE NEW YORK, January 16, 1953—9:46 p. m.

425. Daily Classified summary No. 140.

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Palestine

Rafael (Israel), who expects to return to Israel for reassignment at the close of the second part of the GA, told USUN Jan. 16 he had been asked to become a kind of "high commissioner for peace" in the Middle East, with the overall task of directing the new peace initiative. In his view, the Israel Government was in much stronger position now to formulate and carry through concrete plans for settling matters with the Arab governments.

In general, Rafael said, their program would follow the lines of Eban's (Israel) blueprint for peace as put forward during the GA debate. Plans had been worked out to a certain point in the FonOff and now required inter-departmental consideration.

Rafael stated he would not accept the proffered assignment until he knew what the final program would be. The FonOff thinking was that an over-all plan should be developed to cover every element in the total ME picture, each question to be approached from the standpoint of practical, beneficial appeal to the Arabs' self-interest, and each to be related to the others.

Specifically, Rafael continued, the blueprint would include the problems of compensation to Arab refugees and territorial adjustments. On both, they hoped now to go beyond the principles involved and set forth detailed propositions.

—Hopes for consultations with US—

Once discussions in the government had reached a concrete form, Rafael hoped consultations could begin with the US. Agreement between the two governments on a program and the implementing measures seemed to him essential to success.

Meanwhile, Rafael hoped the PCC would lie low. He questioned, therefore, the advisability of the PCC sending a communication to the Arab states as had been done last year. This might provoke embarrassing requests from the Arabs which would prejudice later action on the Israeli peace program. He suggested letters to the parties be deferred at least until the end of the GA.

His delegation planned to seek an early meeting with Senator Lodge to discuss its new approach to ME questions, Rafael said. He expressed great satisfaction over Lodge's appointment and felt the delegation and administration were in a particularly fortunate situation to take the initiative in the Middle East.[1]

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AUSTIN

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[1] The Department responded on Jan. 29 as follows:

"Dept heartily supports IG idea to initiate program for peace with Arab states and hopes that this initiative can be exercised soon. Dept would like to be kept informed of particulars and progress but does not wish to become identified as cosponsor IG plans or as having approved them." (Telegram 272 to New York, Jan. 29; 684A.85/1-2953)

No. 544

683.84A/1-2153: Telegram

The Ambassador in Israel (Davis) to the Department of State[1]

SECRET TEL AVIV, January 21, 1953—6 p. m.

1168. Embtel 1158.[2] In informal conversation with Embassy officer, General Dayan mentioned that atmosphere Israel-Syrian messages has been cordial and that he had been instructed make every effort reach agreement with Syria. Added that in his opinion nature of these meetings should not be understood "as beginning of peace negotiations for which Israel continues to hope", but rather an analogy of meeting of divorced couple for purpose clearing up troublesome aspects of separation agreement. Embassy continuing indicate US interest in satisfactory outcome present Israel-Syrian negotiations but considers above to be realistic appraisal of situation.[3]

DAVIS

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[1] Repeated to Damascus; sent by pouch to Jerusalem, Amman, Baghdad, Beirut, Cairo, and Jidda.

[2] Telegram 1158 from Tel Aviv, Jan. 20, contained a report from the Israeli Foreign Ministry on the Israel-Syria meeting of Jan. 19. (683.84A/1-2053) Ambassador Moose also conveyed a report on the meeting, observing that the scheduling of further discussions on Jan. 22 was a "hopeful sign." (683.84A/1-2153)

[3] Telegram 1186 from Tel Aviv, Jan. 25, contained a report of the Jan. 22 meeting of the Syria-Israel Mixed Armistice Commission. The Embassy noted that it was continuing to "encourage every effort to reach an agreement." (683.84A/1-2553) Telegram 518 from Damascus, Jan. 26, also contained a report of the Jan. 22 meeting. (683.84A/1-2653)

No. 545

884A.13/1-2253: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL TEL AVIV, January 22, 1953—6 p. m.

1174. Deptel 673. [2] During absence Foreign Minister Sharett in Rangoon, I took up subject Deptel 673 with Eytan, director general Foreign Ministry, who said Israeli Government feels actions taken by Arab League members recently to injure Israel's economy not only throw doubt on desirability of continuing unilateral gestures, but affect directly Israel's ability to provide necessary funds for such purpose. Now that Foreign Minister has returned, I propose seek early opportunity discuss with him importance of continuing efforts to improve relations with Arabs despite "disillusionment," mentioning particularly proposed publicity support when release of blocked balances is about to take place.

Embassy comment: While there may be some disappointment that announcement plans release Arab blocked balances had so little effect, it is believed that this has been relatively minor factor in "disillusionment" and that reasons are much broader. As Department knows, Israel has always doubted effectiveness of unilateral gestures as means of overcoming Arab unwillingness make peace or negotiate settlements with Israeli Government, and unquestionably certain recent events have intensified this feeling greatly of late. Some of more important and direct causes have been concerted Arab effort to upset German reparations agreement, and general stepping up of political and economic measures against Israel (e.g. Embtel 1167). [3] Further contributing factors

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Damascus, Jerusalem, and sent by pouch to Jidda.

[2] The substantive portion of telegram 673 to Tel Aviv, Jan. 13, reads as follows: "Department has received intimation from Israel Embassy officer that Israel Government 'disillusioned' with unilateral gestures good will toward Arabs and disinclined make any further gestures. Attitude may stem from reported disappointment Israel officials that announcement release IL 1,000,000 blocked Arab bank balances did not produce immediate favorable reaction Arab states. You may wish take convenient opportunity inform Israel officials Department's view that any disappointment unwarranted as effect gesture can only be judged when actual releases begin. Department gave routine media support to Israel Government press release December 4, believing that extensive publicity three months in advance acceptance application forms and still further in advance distribution funds might result psychological let-down to disadvantage Israel. Intensive campaign publicize release in preparation to begin about February 1." (884A.13/12-652)

[3] Telegram 1167 from Tel Aviv, Jan. 21, reported that officials of the Israeli Foreign Ministry had expressed the view to Embassy officers that the recent deterioration in Israel-Jordan border relations might be the expression of a new Jordanian

Continued

have been Israel's concern over arms question (Embtel 1039)[4] and the implications of Prague trials and other Russian anti-Semitic moves, which have had profoundly disturbing effect on government and public.

DAVIS

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policy. A press statement of Jan. 20 by Lieutenant Colonel Gaon, Senior Israeli Delegate to the Mixed Armistice Commissions, linked the situation with Arab diplomatic activity against Israel in the U.N. General Assembly, as well as to a meeting in Amman in November of Arab Mixed Armistice Commission delegates. (684A.85/1-2153)

[4] Document 536.

No. 546

684A.85/1-2253: Telegram

The Secretary of State to the Embassy in Israel

SECRET WASHINGTON, January 22, 1953—7:27 p. m.

702. Embassy requested investigate without divulging source and report soonest following information received by Department:

After Major Nutov, Israel MAC representative, failed recently induce DeRidder modify his attitude in MAC he informed DeRidder Israel would denounce Local Commanders Agreement with effect January 22 on pretext Jordan failure to honor agreement. Agreement expires automatically January 31 and is subject discussion by MAC 10 days before expiration. After verifying this Israel intention with Gaon, chief Israel MAC delegate, on January 13 DeRidder so informed Jordan MAC representative.

DeRidder stated he had received strong impression Israel would stage series incidents on Egyptian, Syrian, Lebanese and Jordan borders with motive demonstrating Arab misuse of arms supplied by British since US has refused intervene. He mentioned specifically Qatanna where no demarcation line exists. DeRidder gave as additional reasons for anticipated Israel action: (1) Perturbation at recent series of adverse MAC decisions, e.g. Scopus, and Israel failure redress balance, and (2) failure win UN support for direct Arab-Israel peace negotiations.

If DeRidder's estimate Israel intentions accurate Israel obviously confident well-timed propaganda can obscure fact of Israel aggression and place onus on Arabs. Various elements of information at hand seem to bear out DeRidder's contention that denunciation of Local Commanders Agreement is precursor to some important Israel action along border.

DULLES

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No. 547

784A.00/1-2353: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, January 23, 1953—8 p. m.

1183. During past 3 months, Israel has suffered series of shocks that have affected profoundly public thinking and morale. Roughly in order of importance, adverse factors have been: 1, Prague trials and subsequent developments making Russian bloc's change of policy from one of no racial discrimination to one frankly exploiting anti-Semitism and unfriendliness toward Israel; 2, Intensification of Arab collective action against Israel; 3, Success of latter in increasing Israel's economic difficulties, notably by delaying and jeopardizing German reparations agreement; 4, Action of UK in supplying Arab countries jet planes in numbers Israel cannot hope to match; 5, Fear this presages change in Western arms policy from that enunciated in tripartite declaration 1950.

Embassy believes that above developments will have far reaching effects and that continued deterioration in Arab-Israel relations could bring about what would be precisely to Russia's advantage, namely renewal of Arab-Israel hostilities with serious consequences to Western powers in general and tripartite countries in particular. There is no question of Israel's desiring such development. On contrary last thing government and great majority of people here want is war with their neighbors. Danger lies in possibility that Israelis may become convinced they have no chance of peace, their financial position is hopeless, and their existence is in imminent peril; and that as a consequence some untoward event may precipitate active hostilities.

Their faith and determination are still strong but the discouraging developments alluded to above and lack of any favorable reaction to their efforts to improve relations as reported Embtel 665, October 23 have resulted in some feeling of disillusionment (Deptel 673 [2] and Embtel 1174 [3]). Israelis are especially disappointed that both Shishikli and Naguib, with whose efforts to improve conditions in their own countries they are in sympathy and from whom they hoped for some constructive move toward area peace, should apparently have given way to pressure for increased Arab action against Israel. They felt especially keenly Naguib's public action against German reparations agreement, which diminished their hopes for *rapprochement* with Egypt under his leadership. Defeat of eight power resolution in GA and deterioration in relations with Jordan have served to intensify earlier disappointments.

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[1] Repeated to London, Paris, Rome, Amman, Baghdad, Beirut, Cairo, Damascus, and Jerusalem; sent by pouch to Ankara and Jidda.

[2] See footnote 2, Document 545.

[3] Document 545.

In circumstances prospects for progress toward area stability have lessened and potential dangers of explosive situation such as that developing with Jordan have increased. One impression gained during and since my trip to neighboring countries in December is that Arab attitude toward Israel has hardened due in part at least to feeling that blockade has Israel in critical situation. Another impression gained from colleagues in Arab countries was that altho question of compensation of refugees important, Arabs unlikely to ease blockade to make compensation payments possible, since to do so would be inconsistent with Arab hopes to bring Israel to knees by means of economic measures and common policy of making no separate agreement with this country.

It is obvious that Russian influence can be counted on to do utmost to prevent local, national or area agreements that would improve Arab-Israel relations. Russian techniques already observable include creation of popular demand for imposition unattainable conditions as prerequisite for negotiations, stigmatizing as traitor any one disposed to settle difficulties, incitement of students, use of "anti-imperialism" propaganda, and exploitation of xenophobia in general.

Depcirtel 586[4] outlines constructive approach, believe new developments call for review of immediate policy objectives and methods. Recommendations follow.

DAVIS

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[4] Not printed.

No. 548

684A85/1-2453: Telegram

The Ambassador in Jordan (Green) to the Department of State[1]

CONFIDENTIAL PRIORITY AMMAN, January 24, 1953—3 p. m.

594. Deterioration in armistice relations between Israel and Jordan is causing great apprehension here. Jordanian Government convinced that recent incidents on armistice line are result of careful planning by Israel. They fear that they are merely precursor of

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[1] Repeated to Jerusalem, Tel Aviv, Beirut, Damascus, Baghdad, Cairo, Ankara, Paris, and London.

more serious military aggression. Israel motive presumed to be desire to impress western powers with undesirability of arming Arab states but Israel appears to intend to make Jordan appear responsible (see Tel Aviv's 1167, January 21).[2] This idea reflected in sensational article in Israel press.

Embassy assured on unimpeachable authority that Arab Legion has taken radical steps to avoid possible clashes on armistice line.

When Israelis announced that they about to denounce local commanders agreement Jordan MAC representative said that Jordan would enter into no further such agreements as they had been violated by Israel and had proved ineffective.

GREEN

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[2] Not printed, but see footnote 3, Document 545.

No. 549

611.83A/1-2653

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State

SECRET [WASHINGTON,] January 26, 1953.

Subject: Current United States–Lebanon Relations

Overall

Late September of 1952 saw the downfall of the nine year regime of President Bechara el Khouri through abdication, and its replacement by the reform government of President Camille Chamoun. The present cabinet consists of four men: Prime Minister Khalid Chehab, Foreign Minister Musa Mubarak, Minister of Defense Selim Haidar, Minister of Finance George Hakim. The new government, which is not expected to last long, has concentrated on reform by decree law of abuses prevalent the former regime. Elections under the new law are expected in early Spring. Overall relations with the United States Government continue to depend largely on United States actions towards Israel.

Point IV

On January 15 the Lebanese Government signed 12 more Point IV project agreements; this removed the existing impasse and signified a considerable advance over the last months of inactivity, during which proposed agreements had been delayed or shelved by the Lebanese. The Lebanese objected to the small scale aid as com-

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pared with United States aid to Israel. A number of hitherto inactive United States technicians are now able to put their plans into operation. Only seven technicians out of 67 now remain uncovered by signed agreements, and may be reassigned elsewhere in the area. Lebanese newspapers are now voicing support for Point IV; they had previously criticized the program.

Private Interests

The Trans Arabian Pipeline agreement with Lebanon, signed in May 1952, is now under examination by the Lebanese Government with a view to Lebanon's possibly asking for renegotiation of the terms and royalties. Lebanon's moves will to a large extent depend on Syrian discussions with the pipeline companies.

Military Aid

Lebanon has asked the United States for arms assistance (telecommunications equipment, subchasers) with which to better equip its small army. A joint State–Defense recommendation is being sent forward to the Mutual Security Director, asking that Lebanon be declared eligible for cash-reimbursable military aid within the limits of existing priorities.

Political

The new Lebanese Government is basically well disposed towards the United States, but on matters such as the Middle East Defense Organization (MEDO) and the Israel question Lebanon continues to follow the lead of the Moslem Arab States, albeit sometimes reluctantly. Lebanon shares the Arab hope for a "New Deal" from the new administration. The inaugural address was well received.

Dr. Malik

Charles Malik (Greek Orthodox) is subject to considerable criticism in his own country for being too pro-American and not sufficiently "Arab". He has been subjected to continual sniping by the new Government's Moslem leaders (Mubarak, Ammoun). He reportedly will try to determine his future plans during his forthcoming trip to Lebanon. The Lebanese Government has told our Ambassador Harold Minor that he is being given the choice of Security Council *or* Lebanese Ambassador. Malik states he has been only offered the Security Council on condition he leave Washington. He states he will resign first.

No. 550

684A.85/1-2753: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, January 27, 1953—6 p. m.

1200. Deptel 702,[2] Embtel 1184.[3] In conversation with Foreign Minister yesterday afternoon I referred to press story his report to Cabinet on deterioration relations with Jordan and inquired whether he had anything he wished to tell me. He replied he had informed Cabinet that he intended speak to both the American and British Ambassadors on subject. He made point that he does not regard Israeli Government as having denounced local commander's agreement asserted it had become "inoperative" because of failures to act in accordance with its stipulations. He said that circumstances which had "added fuel to fire" had now been cleared up by the return of members Israel Armed Forces.

Sharett said Israel Government representative saw Vigier of UNTSO Saturday night[4] and expressed desire for meeting to endeavor normalize border situation. Foreign Minister commented on worsening border relations, which he attributed to several factors including what he described as "deterioration in watchfulness of Legion", utilization on frontier of national guard which tends to get out of hand and participate in raids or profits from them, and indifference of "Palestine element" among higher officials. He contrasted latter with Jordanians, who he said had shown greater sense of responsibility.

He stressed seriousness of infiltration problem saying reported cases of theft actually perpetrated in Jordan sector of frontier during calendar year 1952 numbered 952 cases as compared with 415 in Egyptian sector and 17 and 11 on Lebanon and Syrian frontiers respectively. He added that 13 persons had been murdered in the Jordan sector as compared with none in the other three sectors. These did not include guards and military personnel of whom 53 were killed and 56 wounded in clashes with infiltrators. He said that despite fact Jordan frontier longer he still thought figures disproportionate. He estimated loss due to damage and theft at about 1 million pounds, of which the principal items were cattle to the value of 400,000 pounds, some 2,000 meters of irrigation pipe and pump engines valued at over 200,000 pounds and some 13 kilometers of copper wire much of which would be difficult to replace or could only be replaced after considerable delay. He commented that the cattle stolen for the most part were valuable pedigreed stock which could scarcely be sold on the Jordan market without attracting official attention, and that the same would be true of such valuable equipment as irrigation pipe, electric motors and copper wire in large quantities.

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[1] Passed to the Departments of the Army and Air Force.

[2] Document 546.

[3] Telegram 1184 from Tel Aviv, Jan. 25, requested further particulars concerning telegram 702, *ibid.* (684A.85/1-2553)

[4] Jan. 24.

Sharett did not make any reference to subject of two numbered points in reference Deptel nor did he voice any complaint about General De Ridder or the proceedings of the MAC. He said he was not ready to accuse the Jordan Government of a deliberate policy of stepping up infiltration, but expressed a strong desire to see the present deterioration in relations rectified.

Comment: Both Israel Government and IDF taking serious view of infiltration problem and would prefer diminution present tension on Israel–Jordan border. Am informed that Israel has asked Vigier to seek meeting between General Dayan and Colonel Jundi of Arab Legion in hope latter will be convinced of importance to both sides of tighter Jordan control of infiltrators. Statement by Colonel Gaon that Israel must "prepare to take active defense" believed to indicate that situation on Israel–Jordan border has once more played into the hands of the "treat 'em rough" school of thought and that there is danger of facts of reprisal which can be very damaging in their consequences. In reply to direct query concerning Israel's present attitude toward reprisals, Foreign Ministry spokesman described them as "last resort when they are only means of handling situation". *End comment.*

DAVIS

No. 551

784A.00/1-2853: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, January 28, 1953—8 p. m.

1209. Embtel 1183. [2] In light recent developments, it is believed ME problems require some redefinition. It seems quite clear that we are confronted by something more serious than mere "Arab prejudice" toward Israel that presumably could be overcome by a few minor territorial adjustments, resettlement of refugees, payment of compensation, etc. All these are important but do not seem to represent a basis on which Arab leadership is now prepared to move toward peace. These problems could no doubt be largely resolved by means of direct negotiations, lifting of blockade and establishing of normal relations, but Embassy knows of no instances where Arab leaders have found it feasible to advocate such measures publicly; and it recalls the cases of two who tried secretly to reach settlements and failed, viz King Abdullah, and Tuquan Bey of Jordan (Embtel 105). [3] It is hoped the Syrian-Israel conversation now in progress may prove to be an exception (Embtels 1198 [4] and 779 [5] and Damascus Embtel 345 to Department. [6])

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[1] Transmitted in two sections; repeated to London, Paris, Rome, Amman, Beirut, Cairo, Damascus, and Jerusalem.

[2] Document 547.

Judging from contacts with and reports from colleagues in Arab countries, public positions and attitudes of leaders seem to be controlled largely by the extremists who aim at nothing less than destruction of Israel. Plain facts are that Israel's economic condition is more precarious than is generally realized, and that it could not now withstand the blockade without outside assistance. It is obvious to the Arabs that private and public aid from US is all-important factor in defeating their purpose. Hence, we incur resentment which may be expected to result in measures against our interests, such as boycott of firms doing business in Israel, harassment of petroleum companies, and perhaps even effort ultimately to deprive West of ME oil.

Use of word "impartial" to describe our policy is inexact as to fact and unfortunate psychologically. It is too negative to describe our attitude of interest in and friendliness toward all the countries of ME, in first place; and it is susceptible of interpretation as committing us to an unrealistic equality in distributing aid. Our policy is to prevent economic collapse of any ME country, and blockade necessitates greater aid to Israel than would otherwise be necessary. In present circumstances, if aid to Israel were suddenly withdrawn or drastically reduced it would bring almost immediate financial collapse with far-reaching political consequences.

In view of seriousness of threat to our interests in whole region, Embassy recognizes great potential importance of leaders who have some realistic conception of Russian danger and show signs of readiness to cooperate with West. If we find it advisable support Naguib, and possibly Shishikli, as best means of preventing loss of ME, it will be important bring Tripartite declaration of May 1950 into accord with such policy, and take steps oviate danger of renewal Arab-Israel hostilities. We should not lose sight of possibility that such hostilities, if they occur may be precipitated as result of economic warfare and would be sporadic in early phases with both sides endeavoring to place other in position of being technical "aggressor".

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[3] Document 458.

[4] Dated Jan. 27, not printed.

[5] Document 516.

[6] Document 509.

In reformulation of policy it will be of greatest importance to relate settlement of Palestine question to general problem of area defense. There may be some temptation to develop latter without taking sufficiently into account that realization of our principal policy objectives of achieving political stability, economic improvement and area defense will depend largely on our success in liquidating Arab-Israel conflict. Giving aid to Arabs conditional upon prior peace with Israelis recognized as unrealistic and self-defeating at present. But it is believed program of aid should include steps designed to encourage at some stage constructive attitudes toward easing of tensions and ultimate settlement, as confidence in and dependence upon us increases. In meantime it will be important to make our policy abundantly clear to both sides, so that they will have no doubt that while ready and willing to render aid to and build up strength in area, we are committed to prevent destruction or over-running of any free country and that we regard prolongation of conflict within area as unnecessary, and harmful to parties themselves, region and the free world.

Success of policy will be jeopardized if psychology of desperation and panic should develop in Israel. At best it would cause intensive lobbying and publicity campaign that would be unnecessary and harmful; and at worst it might result in acts of desperation that would endanger area peace. It was possible to avoid such reaction at time Egypt was invited to join proposed MEC, and it should be again with timely explanations at high level, assurances that forcible changes in frontiers will not be tolerated, and practical indications that we recognize the importance of Israel to any scheme of regional defense.

DAVIS

No. 552

684A.85/1-3053: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, January 30, 1953—7:21 p. m.

726. Re Amman's 605 and 611; Jerusalem's 90 and 91. [2] Israel and Jordan representatives (Goitein and Haikal) were called to Department and given information at present available re Jordan-Israel boundary situation. They were advised of grave concern with which Department views deterioration in relations and hopes that both governments would take immediate steps to control movements its own citizens so as to eliminate infiltration into each other's territory. Israel representatives informed that Department was shocked by report of military action against Jordan villages. Jordan representative was informed that we hoped Jordan would respect established procedure for registering any complaints through MAC. Both were informed Department would greatly regret any repetition of such action.

Embassies Amman and Tel Aviv should promptly bring foregoing to attention of Jordan and Israel governments.

British and French representatives informed re general background and Department's action.

MATTHEWS

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[1] Repeated to Amman, Jerusalem, London, Paris, and Ankara.

[2] All four telegrams are dated Jan. 29 and deal with the Israeli attacks on the Jordanian village of Falama on Jan. 23 and 29. (684A.85/1-2953)

No. 553

684A.85/2-153: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

CONFIDENTIAL PRIORITY AMMAN, February 1, 1953—5 p. m.

619. While I was absent on west bank for purpose of visiting front line villages, including Aqalama [*Falama?*], village attacked January 23 and January 29 by Israeli forces. Lynch was summoned to Foreign Office 10 a. m. January 31 and in absence of Prime Minister who is ill was received by Anwar Nuseibeh Minister of Defense and Ihsan Hashem Undersecretary of Foreign Affairs.

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[1] Repeated to Jerusalem, Tel Aviv, Beirut, Damascus, Cairo, London, Paris, Baghdad, and Jidda.

Nuseibeh stated HKJ talks extremely serious view of present situation along border and stressed urgency of his representations. Whereas HKJ making every effort avoid incidents, Israel launching organized attacks by regular troops inside Jordan territory. These could only be result top level decisions by GOI. He was at loss to explain Israeli attacks but suggested Israel had enough confidence in Zionist propaganda machine to feel sure that fact of Israeli aggression should be obscured. Suggested possibility of GOI intention to cause curtailment arms shipments to Arab States but felt such attacks should in fact serve to emphasize to any impartial observer need of Arab States for more arms in order defend themselves and maintain stability in area.

Nuseibeh reminded Lynch of responsibility of US under tripartite declaration. He stated he considered Israeli attacks sufficiently serious and flagrant to warrant invocation of declaration but he did not specifically request invocation. Nuseibeh admitted Arab infiltration but stated infiltration by civilians was not in any way comparable to Israeli organized armed attacks carried out with machine guns, mortars and mines. Furthermore he said Jordan Government making every effort prevent infiltration.

Nuseibeh said he felt US had moral responsibility force Israel terminate aggressions and he knew that US could if it wished bring sufficient pressure on Israel to force Israel to do so.

He added "we know these people are your protegés. You put them there. You can control them if you want."

He assured Lynch HKJ wants no trouble with Israel. "We want stability and so do you." He stated Lynch could have no conception increased hatred toward Israel engendered by attacks and tenseness of situation in areas involved. They made chance of settlement between countries more remote.

Conversation between Lynch on one hand and Nuseibeh and Hashem on the other was conducted with extreme formality apparently in effort to emphasize great concern with which Jordan views situation. As indication of atmosphere of conversation Hashem addressed Lynch as "Mr." for first time in 18 years of intimate friendship.

Deptel 579 [2] was received subsequent meeting described above. Lynch immediately called again on Foreign Office and conveyed sense that telegram to Hashem. Hashem said that Prime Minister would be encouraged by fact that Israeli aggression apparently recognized by US Government for first time.

Walker, British First Secretary in absence of British Ambassador summoned to Foreign Office between Lynch's two conversations.

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[2] Printed as telegram 726 to Tel Aviv, *supra*.

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He afterwards informed Lynch Nuseibeh's approach to him was on somewhat different lines. Tripartite declaration not mentioned in his interview but Jordan UK treaty of alliance was strongly emphasized and following specific suggestions were made: (1) Immediate visit to Jordan of British Commander in Chief Middle East; (2) meeting of UK Jordan joint defense board; (3) increase in number British troops in Jordan. Walker said Nuseibeh pointed out that Aqaba only place in country where there are now British troops was hardly satisfactory base for assistance to country in event of Israeli invasion. He suggested troops also be stationed Mafrazin Northeast Jordan.

GREEN

No. 554

684A.85/2-253: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, February 2, 1953—2 a. m.

1231. Embtels 1224 [2] and 1226, [3] Amman Embassy telegram 611 [4] and Jerusalem ConGen telegram 93 to Department. [5]

It has become increasingly evident that Israel's recent incursions into Jordan and Gaza strips result from major policy decision based on conviction that volume of infiltration was intolerable and that Arab authorities concerned could not or would not cooperate in keeping it in check. It seems further that present violations of frontiers are principally military operations resulting from pursuit of armed marauders across frontiers in endeavor capture or destroy them. This is borne out by information obtained from several sources here and Jerusalem ConGen reports. Sharett told me Saturday that time and place of incidents had not been determined by IG in advance but had depended on circumstances of pursuit as part of action against intruders.

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[1] Repeated to London, Paris, Rome, Amman, Beirut, Cairo, Damascus, Jerusalem, Ankara, Baghdad, and Jidda.

[2] In telegram 1224 from Tel Aviv, Jan. 30, Ambassador Davis reported on a conversation with the British Ambassador on the subject of Israel's relations with Jordan. (684A.85/1-3053)

[3] In telegram 1226, Jan. 31, Davis reported that, upon receipt of telegram 726 (Document 552), he had conveyed to Sharett the information contained in that telegram. Sharett stated that he was leaving immediately to keep an appointment with the Prime Minister and would report to him fully the views of the United States as stated in the conversation with Davis. (684A.85/1-3153)

[4] See footnote 2, Document 552.

[5] Not printed.

Above was confirmed by Lt. Colonel Gaon, Commander Israel delegate MACs, in informal conversation with Embassy officer last night. Gaon described present activities as policy of "active defense" explaining that Israel patrols had instructions to ambush armed infiltrators and not lose contact with them until they are destroyed. He commented further on complete failure of Commander's agreement to control infiltration, remarking that it was a good agreement if implemented but in circumstances it only served to tie Israel's hands. Like Foreign Minister (Embtel 1200)[6] he qualified his statement re official Jordan responsibility for infiltration, saying on basis item DF interrogation of large number of infiltrators he believes only small percentage were deliberately sent as part of policy of espionage and sabotage. On other hand he agrees with Foreign Minister's view that chief encouragement is due to lack of effective action to prevent infiltration and sale of stolen property by Jordan officials, who he asserts see no threat to Jordan's interests "from organized theft and harassment of Israel". He replied to query by British Army Attachés to what UK should do, now that Jordan has invoked Anglo-Jordan treaty, by saying defense action against infiltration could solve problem.

Foreign Ministry informs Embassy that three infiltrators and one civilian returned to Israel by Jordan had been mistreated and beaten and all are hospitalized. Same source stated that Arabs in Taibe-Tira area of Israel have suffered sufficiently at hands of infiltrators to have requested IG to approve licenses for them to bear arms and have permission to post armed guards.

Embassy comment: It is believed that foregoing should be considered in light general summary contained in Embtel 1183[7] and 1209,[8] and that concerted effort be made to eliminate basic cause of present tension.

Davis

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[6] Document 550.
[7] Document 547.
[8] Document 551.

No. 555

974.5301/2-353: Airgram

The Acting Secretary of State to the Embassy in Egypt

TOP SECRET WASHINGTON, February 3, 1953.

A-246. Mr. Gontran de Juniac, Minister of the French Embassy in Washington and Mr. Bernard Burrows, Counselor of the British

Embassy in Washington, called on Mr. Henry Byroade, Assistant Secretary of State, on January 29 to leave with him an *aide-mémoire* concerning freedom of transit through the Suez Canal. The text of the *aide-mémoire* is given below. As an aid toward assisting the Department in arriving at a position on this question your telegraphic comments are invited.

"Her Majesty's Ambassador for the United Kingdom presents his compliments to the Secretary of State and has the honour, under instructions from Her Majesty's Principal Secretary of State for Foreign Affairs, to put to him the following proposals for an exchange of views between the Governments of the United Kingdom, the United States and France concerning the freedom of transit through the Suez Canal:—

"Recent events have shown that the Egyptian Government appear to be bringing more understanding and at the same time a realistic approach to bear on the discussion of international problems. Although it is necessary to guard against over-optimism, the possibility cannot henceforth be excluded that agreements may be reached on questions, such as those of the Sudan, Suez Canal and Defence, on which a deadlock had been caused by former Ministries.

"2. But any agreement relating to the Suez Canal Zone or to the defence of the Near East will have necessarily in order to be legally valid, to respect the international status of the Canal, resulting as this does from its guarantee by international agreements reinforced by uninterrupted usage. It follows then that we should define and formulate the principles which the signatory powers of such an instrument would intend to respect in this regard, and which would have in any case to be invoked in the text of any final agreement.

"3. The Governments of the United Kingdom and the French Republic consider that without delay the United States, British and French Governments should consult together about the matter.

"4. If the attitude of the Egyptian Government were afterwards to disappoint the Western Powers, such conversations would turn out to have been even more indispensable.

"5. Developments in the last few years in the Middle East have made it possible to estimate the degree to which the political instability of this area directly affects the security and freedom of communications through the Suez Canal. They have at the same time clearly displayed the solidarity which exists among those nations principally interested in the maintenance of this freedom and security.

"6. The Governments of the French Republic and the United Kingdom, while realising that the political instability existing in the Middle East has had serious repercussions on international navigation through the Isthmus of Suez and could eventually have repercussions still more disquieting, consider that such a state of things would lead in the end to a consequence even more serious, that of allowing the establishment of a precedent which would risk the calling in question of those very principles on which freedom of transit through the Canal rests in law. They have been confirmed in their opinion by the representations made on this score by shipping companies and the International Chamber of Shipping.

"7. The rights of the Maritime Powers cannot be contested.

"8. They have as their basis the Convention of Constantinople of the 29th October, 1888, and the uninterrupted use of the Canal for more than eighty years under conditions which have given to the Canal an international status based on the three principles of (i) freedom of access and of passage, (ii) equality of flag without discrimination and (iii) the obligation on the Powers not to indulge in this area in any act of hostility or of war.

"9. The Egyptian Government, without contesting that these principles remain the charter of the Powers interested in the use of the Canal, have taken various measures, which, under the pretext of protecting individual rights which they claim, have resulted in seriously compromising freedom of communications through the Canal.

"10. The Governments of the United Kingdom and of the French Republic, as well as the Government of the United States, have always contested the equity and legality of these measures. They are, however, especially concerned to avoid the always possible deterioration of the situation, which might in certain circumstances lead to the complete stoppage of traffic through the Canal by reason either of direct interference with shipping or of action detrimental to the regular and satisfactory working of the technical services of the Suez Canal Company. They consider therefore that the Maritime Powers should study the means of safeguarding their common interests, and in particular whether at a suitable moment they should declare publicly their common desire to ensure freedom of communication. The Egyptian Government could be and ought to be associated in this declaration, inspired as it is only by respect for treaties and in the interests of all the Powers without exception.

"11. It would in addition be in the interest of these powers to take counsel now with a view to finding means of maintaining the freedom and security of communications, as a safeguard against the eventuality of the Egyptian Government's refusing nevertheless to join the other Powers or, having subscribed to a common declaration, acting in a manner incompatible with it.

"12. If the Government of the United States shares the opinion of the Governments of the United Kingdom and of the French Republic about the position outlined above, they will no doubt agree with them that a preliminary exchange of views among the three Powers ought to take place as soon as possible with an agenda covering the following points:—

> "(1) Definition of the basic principles on which the Maritime Powers concerned would wish to base the right of freedom of transit through the Suez Canal, and what this implies for the effective maintenance and eventual safeguard of this freedom.
>
> "(2) Study of the conditions under which the Maritime Powers concerned would:

"(a) persuade Egypt to reaffirm these principles;

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"(b) make, in default of this solution and at a suitable moment, a public declaration reaffirming these principles.

"(3) Examination of the measures which might be taken in the last resort by the interested Maritime Powers in order to safeguard, in circumstances to be defined, freedom of transit through the Canal.

"13. These preliminary conversations would take place in the greatest secrecy. In the light of their conclusions, the three Governments would be able to decide by what method to approach the other principal users of the Canal, i.e., the Norwegian, Netherlands, Italian, Danish and Swedish Governments and invite them to associate themselves eventually with the action proposed."

MATTHEWS

No. 556

684A.85/2-553: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

SECRET AMMAN, February 5, 1953—3 p. m.

642. Prime Minister explained to me February 5, measures have been taken in recent weeks to curb infiltration into Israel. He believes that these measures are about as effective as they can be made.

It is probable that measures to prevent infiltration can be improved and the present effort of the Jordanian Government to improve them may reduce infiltration though in the nature of things it can not be expected that the government can entirely prevent it. In any case I am convinced that Government is acting in good faith and is neither encouraging or conniving at infiltration. My British colleague who has carefully studied the matter concurs with me in this opinion.

Prime Minister stated that he fears large-scale Israeli aggression. He said that he had deliberately refrained from invoking tripartite declaration as yet in the hope that US and UK pressure on Israel would be sufficient to oblige Israel to cease attacks such as have kept the borders in a ferment during these last weeks. He believes US influence paramount in Israel and he requested me to recommend that US make forceful representations to Israeli Government to put an end to present situation.

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[1] Repeated to Beirut, Cairo, Damascus, Jerusalem, Tel Aviv, Paris, London, Baghdad, and Jidda.

I recommend that action be taken in accordance with Prime Minister's request and that I be authorized to inform Prime Minister of any such action taken.

Prime Minister said that if US and UK were not able by next week to bring about a change in Israeli policy and if Israeli incursions continued he proposed to summon my British colleague, French Chargé d'Affaires and me and formally request action under tripartite declaration.

GREEN

No. 557

684A.85/2-553: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, February 5, 1953—6 p. m.

1247. Deptel 726,[2] Embtels 1226,[3] 1231,[4] 1240, 1246.[5] Foreign Minister Sharett told me this morning Cabinet under chairmanship Prime Minister Ben-Gurion had considered crisis in relations with Jordan yesterday and had decided to make following confidential comment to diplomatic representatives of US, UK and France. He stated that a "mounting tide of violence emanating from Jordan" had reached unprecedented climax in attack on main railway line February 2 when track had been mined and train wrecked near village of Eyal. He added that after the wreck attackers fired about 800 rounds on village and train.

Foreign Minister characterized this as an outrage culminating "long and continuous series, carried out by armed bands involving loss of life, robbery of property and dislocation of normal conditions". He said it was shock to public sense of safety and challenge to government and defense authorities of country.

He stated that Israel Government holds that of Jordan responsible for "negligence, connivance, or even instigation" in connection with these acts. He interpolated that Israeli authorities have what they regard as reliable information that responsible officials organized some of most serious acts perpetrated and added that in any case that last one "bears every mark of a carefully planned military action, an act of war in effect".

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[1] Repeated to London, Paris, Rome, Amman, Beirut, Cairo, Damascus, Jerusalem, Ankara, Baghdad, and Jidda.

[2] Document 552.

[3] Not printed, but see footnote 3, Document 554.

[4] Document 554.

[5] Telegrams 1240 and 1246 from Tel Aviv, both dated Feb. 5, reported on the attack of Feb. 2 on the Tel Aviv-Haifa railway north of Qalqilya. (684A.85/2-553)

Sharett made quite a point of zone where attacks in question took place, which he described as Israel's "jugular vein" through which extend main highway and railway line connecting northern and southern parts of country.

He concluded with statement that unless Jordan authorities show themselves ready and able to control situation, Israel Government "would consider itself entitled, and in duty bound, to use all measures in exercise of legitimate self-defense to put end to attacks, protect life and property and ensure security of traffic".

My British colleague had appointment with Foreign Minister immediately following mine and presumably received statement along above lines. [6]

DAVIS

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[6] The Department replied on Feb. 6 as follows:

"Dept finds alarming and somewhat irresponsible statement quoted penultimate paragraph reftel. Dept has no evidence of 'mounting tide of violence emanating from Jordan' or basis for attitude IG re recent border relations. Dept would like Embassy's comments and analysis re Cabinet decision and Sharett's remarks." (Telegram 753 to Tel Aviv, Feb. 6, 6:36 p. m.; 684A.85/2-553)

No. 558

684A.86/2-653: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

SECRET AMMAN, February 6, 1953—6 p. m.

643. In the four years which have elapsed since the cessation of hostilities in Palestine we have made no headway toward achieving a permanent settlement between Israel and the Arab States. The Palestine conciliation commission has worked hard and conscientiously in its search for a solution and a minority group of powers in the UN General Assembly has recommended immediate direct negotiations. But like the numerous investigative commissions to pre-war Palestine all measures have failed. If during the four year search for a settlement there have been signs of progress they have been illusory for they have been built upon quicksand. The fact is negotiations based on a recognition of the present *status quo* will never materialize apparently on conciliatory attitudes by an Abdullah, a Naguib, or a Shishikli notwithstanding.

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[1] Repeated to Beirut, Cairo, Damascus, Jerusalem, London, Paris, Tel Aviv, and Baghdad.

Let us face the hard and bitter fact that the Arab world will not consent to a permanent settlement with Israel except on the basis of certain conditions which will perforce require a change in the *status quo.* Any attempt at settlement which ignores these conditions is destined to failure at the start. Nothing has occurred to soften this attitude and there is no prospect that anything will. On the contrary, Jordan's position vis-à-vis Israel has stiffened considerably in the last several weeks as a result of the cold-blooded Israeli attacks on Arab border villages as well as Israeli attempts to place the blame on the Arabs. So deeply are what they consider the wrongs of Palestine embedded in the psychology of Arabs on Israel's periphery that there are absolutely no prospects of an Arab-Israel peace in our time except along lines which entail concessions by Israel.

We may adopt either of two alternative lines of action: Either (1) we continue to go along with the present situation deluding ourselves into believing that a solution to the Arab-Israel deadlock can be found on the basis of the present *status quo* or (2) we immediately exercise our natural influence over Israel to oblige that country in its own interest and in our interest to enter into negotiations with the Arab States through channels acceptable to them on the basis of certain conditions indispensable to the establishment of peaceful relations between Israel and her neighbors:

a. The internationalization of Jerusalem.
b. Recognition of the *right* of the refugees to return to their homes and lands.
c. Full compensation to all those who do not exercise this right.
d. Rectification of the existing boundaries between Israel and her neighbors with special reference to the areas where villages are left on the Arab side of the armistice lines while most of their cultivatable lands are held by Israel.

To continue to follow the first line of action invites failure if not disaster. It necessitates the continued outlay of US capital to buttress a precarious Israel economy doomed by an Arab blockade. It requires the continued outlay of US capital to support refugees who cannot be supported by host countries whose economies suffer from the blockade they are imposing on Israel. It means the exhaustion of whatever American influence and prestige remains in this area. Finally it courts the peril of widespread Communism in Arab States where the mood is one of despair and where confidence in the West is being replaced by hope in the East. Circumstances such as these do not augur well for MEDO or any other US plans for the area.

The second line of action offers a real hope of success. From numerous conversations that I and members of my staff have had

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with Jordanians at all levels I am convinced that if the four conditions mentioned above are used as a basis for negotiations peace between Israel and the Arab States is a distinct probability. The attitudes of the Jordanian leaders are not controlled by extremists who aim at nothing less than the destruction of israel as alleged elsewhere. Jordanian leaders will listen to reason and reason to them in the Arab-Israel complex starts with the acceptance of these four conditions.

If we adopt alternative two we shall not only have real chances of peace but we shall be acting in the best interests of the US. It is not too late to recoup our losses—financial, strategic, in prestige or otherwise—but time is running out and we must act now. The present state of affairs between Jordan and Israel makes this a matter of extreme urgency and the present economic situation in Israel (see Tel Aviv's 1209 January 29 [*28*]) would seem to present a golden opportunity.

GREEN

No. 559

680.84A/2-653: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET PRIORITY TEL AVIV, February 6, 1953—8 p. m.

1257. Embtel 795.[1] Foreign Minister Sharett requested me to call at his residence this afternoon. He opened conversation by saying that it had been nearly one year since IG first indicated desire to be made eligible to receive nonreimbursable military aid and that it is now IG intent to renew request. He repeated point that Israel willing use such aid largely for harbors, roads, railroads having strategic value, rather than arms and munitions.

He referred to recent conversation between Assistant Secretary Byroade and Minister Goitein of Israel Embassy Washington from which he, Sharett, understood that US plans to aid Naguib as best means preserve political stability and build strength in area in belief that course in best interests all concerned including Israel. He understood also such aid would include military as well as economic assistance and repeated misgivings reported in prior telegrams such as 1039.[2] He stated quite frankly that he feels US is neglecting ally on which it can place reliance, and expressed conviction it unnecessary permit the withholding of military aid from Israel to become a condition for Arab cooperation.

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[1] Document 519.

[2] Document 536.

Comment: In dealing with Israel misgivings it is recommended that we take course of action outlined in last paragraph Embtel 1209.[3]

DAVIS

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[3] Document 551.

No. 560

320.2 AA/2-753: Telegram

The Ambassador in Egypt (Caffery) to the Department of State[1]

TOP SECRET CAIRO, February 7, 1953—1 p. m.

1803. Ministry [*Minister*] Foreign Affairs told me last night he has in mind possibility of eventual agreement with Israel. He is aware that refugees will never go back to Israel in very large numbers and that they should be settled in Arab states. He said "we are willing to take as many as we can if UNRWA can find workable projects in Sinai".[2]

CAFFERY

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[1] Repeated to London, Paris (for Reinhardt), Rome (for Unger), Tel Aviv, Ankara, and the Arab capitals.

[2] With reference to this telegram, Ambassador Caffery reported in telegram 1819 on Feb. 10 as follows:

"Having in mind what he has said to me several times recently Ministry Foreign Affairs asked Ralph Bunche on Saturday to tell Sharett that Egypt is willing to envisage eventual settlement with Israel on lines of resettlement of and compensation for refugees and some frontier rectifications. Bunche told Sharett Sunday and after consultation with his Government he replied that they warmly welcome this approach." (Telegram 1819 from Cairo, Feb. 10, noon; 320.2 AA/2-1053)

Ambassador Davis reported on Feb. 9 that Bunche had arrived in Israel from Cairo on Feb. 7, and that Bunche had seen Ben-Gurion, Sharett, Eytan, Shiloah, and others with whom he had been associated as Palestine Mediator. In a press interview Bunche stated that he had had a " 'friendly chat' " with General Naguib. Davis reported further that "in conversation with Israelis he seemed consciously to avoid touching off optimism re relations with Egypt that might result in harmful press speculation, but his visit nevertheless tended to allay somewhat tense feelings. He told me privately he was struck by fact Naguib had not even mentioned Palestine problem to him. He said however Israel had been mentioned in his conversation with Fawzi whom he quoted as saying he saw no reason why Egypt should not move toward peace with Israel if certain conditions could be met." (Telegram 1269 from Tel Aviv, Feb 9, 11 p. m.; 032 Bunche, Ralph Dr/2-953)

No. 561

684A.85/2-853: Telegram

The Consul at Jerusalem (Tyler) to the Department of State [1]

SECRET PRIORITY JERUSALEM, February 8, 1953—2 p. m.

102. About January 28, Lt Col Gaon informed Vigier, senior UN representative here, about attack on train and highway between Tel Aviv and Haifa (Tel Aviv telegram 1224, January 30). [2] Israel, usually so quick to complain, made no complaint to MAC. Jan 30 edition *Jerusalem Post* reported *Herut*'s article day before complaining no official communiqué published about incident and added, in reference to supply of arms to Arab states by Western powers, "Israel might still turn tables on Arab countries as quantitative advantage is still on our side". This article led Vigier to suppose *Herut* was Israeli army newspaper.

In two years here I have found UN observers lean over backwards to be fair. Although not wishing to be cynical they know if they show any prejudice they will lose jobs, which, especially to non-Americans, are exceptionally lucrative for them. They admit infiltration is frequent, but frankly they have not observed recent great increase reported by Israel (Tel Aviv telegram 1247). [3] As Dr. Ralph Bunche (arrived Jerusalem February 7) observed "smuggling has been part of external history this part of world". UN personnel aware Israel's precarious economic plight and have begun confidentially to wonder if some loss by them is not from one Israeli Kibbutz to another.

They also disturbed by recent events, such as weakness Israel contention an arms depot was robbed in reply to Jordan contention Israel trying to supply arms to Mt. Scopus (Consulate General despatch 103, December 22, 1952); [4] and Israel claim three soldiers and civilian driving teacher "accidentally" crossed no-mans-land at extremely difficult spot marked and guarded (Contel 80, January 13). [4] With reference to recent Israel attacks on Rantis and Falama border, as military men wonder who if Israel forces in company strength, met Arab infiltrators in Israel, no wounded or dead found as evidence. While Israel generally protests to MAC over each Arab infiltration caught, wounded or killed in Israel they never before, according to UN, have made such strong protests over infiltration in general. If they so worried about it why did they break local commanders' agreements which helped curb it? (Contel 80, January 13.)[5] Also Sharett's strongly worded protest to Ambassador Davis should have come before their attacks so that pressure could have been brought on Jordan to curb infiltration. As result such reasoning UN personnel, while still guessing infiltrators from Falama blew up railway, it fits in so well with Israel complaints, gives them such favorable publicity with so little damage done (it was repaired before investigated) that they are not free from thoughts expressed Amman's telegram 630, February 24.[5]

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[1] Repeated to Amman, Tel Aviv, Cairo, Beirut, Damascus, London, Paris; sent by pouch to Ankara, Rome, Baghdad, and Jidda.

[2] Not printed, but see footnote 2, Document 554.

[3] Document 557.

[4] Not printed.

However, Israel in best position to judge damage caused her by infiltration and, unfortunately, she believes such attacks against Jordan villages best means of checking it. Comment follows.

TYLER

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[5] Not printed.

No. 562

784A.00/1-953: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL NIACT TEL AVIV, February 9, 1953—7 p. m.

1265. Deptel 753.[2] In response request for comment and analysis Cabinet decision and Foreign Minister's statement reported Embtel 1247,[3] Embassy regards latter as intemperate, but fairly accurate reflection present IG state of mind, induced in part by worsening relations with Jordan, but more by factors of much broader character. Present emergency is serious mainly because it may detonate larger explosions ME and it would be mistake, therefore, to attempt to deal with it as new or isolated problem. Israel is rapidly becoming convinced that her basic interests are in jeopardy and that unless she asserts herself in time policies may be adopted, which will threaten her continued existence.

Principal factors contributing to growing apprehension of IG and public were outlined in Embtels 1183[4] and 1209.[5] Always highly subjective, Israelis have not fully grasped harm which has been done their interests by their attitude in early cases of Huleh controversy 1951, acts of reprisal committed a little over a year ago, notorious and unnecessary "barrel-barrel" episode, delay in compliance with Riley request re Mt. Scopus, and recent incursions into neighboring territory pursuant aggressive effort curb infiltration. They feel strongly, however, that refusal of Arab countries to make peace as contemplated by UN at time armistice agreements were negotiated is matter of overriding importance as compared with other instances of failure both sides to implement UN decisions.

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[1] Sent in two sections; repeated to Amman and Jerusalem.
[2] Not printed, but see footnote 6, Document 557.
[3] Document 557.
[4] Document 547.
[5] Document 551.

Infiltration has long been highly troublesome problem in Israel–Jordan relations, which has reached near solution at times only to deteriorate again. It will be recalled that Amman telegram 244, February 29, 1952 to Department reported that Ahmad Tuzan, Jordan's former MAC representative, expressed view Israelis have legitimate grievance against large-scale Arab infiltration, but reprisals not warranted. He favored measures which worked "surprisingly well" and felt improvements might lead to broadening base of settlement with Israel. One of reasons Tuzan gave for resigning (Jerusalem Consulate General telegram 136, May 29 to Department)[6] was inability to get Jordan Government to agree to pass stronger anti-infiltration legislation. Jordan's failure to approve Latrun agreement and other adverse factors noted in Embtel 105[7] marked early stages present deterioration in Israel–Jordan affairs. IG is especially sensitive to developments in Jordan: It has noted with misgiving appointment of former member of Mufti Government in Gaza as chairman Jordan MAC and placing of MAC affairs under supervision of Palestinian Arabs (Jerusalem Consulate General telegram 15, July 26 to Department;[6] and more recently press reports that Rhodes agreement again under attack in Jordan Parliament. IG has been especially disturbed by possibility that Jordan behavior may be part of concerted Arab effort growing out of decisions taken by joint meetings of Arab MAC delegates.

There is no question but what there has been a deterioration in border relations since middle of last year and the infiltration problem has assumed major proportions. Statistics for 1952 on loss of life and property by Israelis at hands of armed marauders were provided by Foreign Minister Sharett (Embtel 1200).[8] Figures did not include casualties inflicted on Jordanians but toll there also was high. There has been fault on part of both parties to dispute, and it is believed that US interests will not be served by concentrating to too great an extent on assessing blame or by seeming to take sides. Our major efforts should rather be devoted to bringing about renewal of cooperation essential to maintaining peace. While we must necessarily be realistic about sharp conflict in views, we should refuse to regard situation as hopeless, and be firm in our support of UNTSO pressure on both sides to keep the peace.

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[6] Not printed.

[7] Document 458.

[8] Document 550.

While present tension already is diminishing, real solution of basic problem will have to be on a regional basis and directed at primary policy objectives of achieving political and economic stability and building up area defense potential. Because of importance of regional peace to these policy objectives, it is believed that another major effort to effect peace should be made after prior consultation on policy among parties to tripartite agreement. Believe approach should make no secret of fact that real peace is objective but hold forth worthwhile advantages. These could include uncertainty military as well as economic aid, and involve compensation to refugees on adequate scale. It might be helpful to find a person of proven ability and considerable prestige in region to undertake coordination of plan.

In present circumstances it may be difficult to get Israel's cooperation on plan involving regional arms build-up. This difficulty will be increased if Israeli Government feels that its interests and security are being neglected, or that this country is not being kept informed of area plans and developments. It will be recalled that Israeli Government originally had misgivings about MEC plan and expressed them in private, but later did not oppose invitation being extended to Egypt to be charter member of Command and kept press criticism at minimum. She was however kept informed of developments and was given assurance that her interests would not be disregarded.

DAVIS

No. 563

Secretary's Letters, lot 56 D 459

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] February 11, 1953.

Subject: American-Israel Relations

Participants: The Under Secretary [1]
Ambassador Abba Eban, Israel Embassy

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[1] Walter Bedell Smith.

Minister David Goitein, Israel Embassy
Mr. Waller—NE

Ambassador Eban, accompanied by Minister Goitein, called on the Under Secretary at 11:30 today to present a review of the present position of American-Israel relations. He left an *aide-mémoire* of the conversation, together with a note (AE/804) renewing Israel's request for grant military assistance and a note (AE/806) requesting that Israel's productive and industrial potential be taken into consideration in the formulation of offshore procurement programs in Western Europe for the fiscal year 1953-1954. [2] The notes have been referred for action to the appropriate offices of the Department. A copy of the *aide-mémoire* is attached.

In summary, the Ambassador listed eight "guiding principles" which the Israel Government believes have guided United States policy towards Israel and the Arab states. These are:

Support of Israel's statehood.

Support of the general armistice agreements between Israel and Arab neighbors.

Support of direct negotiations between Israel and the Arab states to reach peace settlements.

Support of the settlement of Arab refugees in Arab countries while encouraging Israel to do everything possible to alleviate the plight of the refugees.

Support of minimum conditions for internationalization of Jerusalem and opposition to drastic proposals for territorial internationalization.

Assistance to all countries of the Near East in need of economic and technical assistance.

Support for the ratification and implementation of the German-Israel Compensation Agreement.

Special interest in the development of stable democratic governments in the Near East.

The Ambassador said his government assumes that the above policies were formulated by American leaders after consideration of all responsible points of view, since many of them were presented to international tribunals as articles of national policy. His government therefore hopes that the new American Administration will find it possible to issue an early statement making clear that abandonment of these policies is not contemplated, in order to counteract the tension created by the expectancy of some Arab leaders and newspapers that the United States will somehow turn its back on its undertakings and assurances to Israel.

The Ambassador said his government believes there are opportunities for a new development of American policy in the interests of

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[2] None of the three documents referred to is printed.

Middle East and world peace. He had in mind a reiteration by the US in favor of direct negotiations between the Arab states and Israel and that no statement of American friendship for the Arab world should be made that could inadvertently encourage the Arab states to increase their pressure on Israel or condone their refusal to negotiate directly for a peace settlement.

Ambassador Eban said that his government hopes the US will give some public opposition to Soviet and Communist attacks on Israel as a state. He gave notice that his government intends to raise in the UN the matter of Soviet and Communist anti-Semitic charges against the Jewish people.

Ambassador Eban said that his government is apprehensive that an attempt may be made to establish a Middle East Defense Organization to include all the Arab states but excluding Israel. In conclusion, he expressed the hope that the views outlined in his *aide-mémoire* would be taken into account in any examination of US policies for the Middle East.

(Military aid and arms supplies were the subject of one of two notes left by the Ambassador. The subject of economic aid, which is covered in paragraph five of the *aide-mémoire*, was not mentioned orally by the Ambassador. It is noted from the *aide-mémoire*, however, that the Government of Israel anticipates a financial crisis in March and April of this year and that the Department's assistance may be requested if a loan application is made to the Export-Import Bank.)

Early in the conversation General Smith interrupted the Ambassador and stated he trusted the Ambassador was not going to suggest that Israel was being discriminated against by American policy. The Ambassador replied that no such contention was meant and then went on with his remarks. When the Ambassador finished, General Smith said that his familiarity with the problems raised by the Ambassador was rather superficial but that the Ambassador's remarks sounded to him like a severe indictment of American policy. He stated that surely the US Government is neither so blind nor so warped in its views that it would pursue policies consistently detrimental to any particular country. He said that he would go over the questions very carefully with his colleagues but that he could say categorically that Israel, as a key entity in the Near East, would not be overlooked. The US realizes that Israel has the only really effective military force in the Near East and that Israel also has other assets of use to the US.

General Smith stated that the US deplores the sudden wave of anti-Semitism which has recently emanated from the Soviet Union and satellite countries. The Under Secretary then referred to his long association with some of Israel's present-day leaders, including his long friendship and affection for Prime Minister Ben-Gurion, whom he has known since before Israel became a state. The Ambassador would therefore understand the friendly feelings which he has towards Israel and its problems. In this context, the Under Secretary said he wished to say privately that the Israel Government does not make it easy for the US to be helpful and that our problems are complicated by military action on the part of Israel forces raiding neighboring territory and by military counteraction against Arab neighbors.

Ambassador Eban said he had not intended to present an indictment of American policy. He had, in fact, meant his remarks to show Israel's appreciation for American support in many fields. In analyzing American policies toward Israel he wished to express the hope that those policies would be carried forward still further, but that his government was particularly unhappy about US Near East defense planning.

General Smith replied that the Israel Government should weigh any dissatisfaction in this regard with the many other policies that were undoubtedly pleasing to Israel. He said he wanted to emphasize that Israel would not be disregarded in plans for a Middle East defense organization if for no other reason than because of Israel's military effectiveness.

No. 564

684A.86/2-1153: Telegram

The Secretary of State to the United States Mission at the United Nations

TOP SECRET
PRIORITY

WASHINGTON, February 11, 1953—12:21 p. m.

296. For Lodge. Understand Eban calling on you this afternoon after visiting Under Secretary this morning. One of Eban's principal points expected allege Arab intransigence delaying Arab-Israel reconciliation. In this connection, following facts may be useful: (1) Increased tension between Israel and Arab states now confined to Jordan border where Department believes Israel shares considerable responsibility for current incidents, (2) Only other Israeli neighbors who could conceivably cause trouble are Syria and Egypt. US Government notes Syria now making two impressive moves towards removing tension from area. These are: (a) agreement with UNRWA to accept and resettle permanently 80,000 refugees within Syrian territory, and (b) cooperation with Israel and UN Mixed Armistice Commission in boundary negotiations which

are currently underway. (3) FYI, Embassy Cairo has repeatedly reported Naguib's intention work out peaceful settlement with Israel when Sudan and Canal Zone Base problems settled with UK. As recently as February 7 Bunche asked by Naguib to convey this information to IG which Bunche did February 8.

DULLES

No. 565

974.5301/2-1153: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET CAIRO, February 11, 1953—4 p. m.

1837. Following are our comments requested A-246 February 3 re joint British-French *aide mémoire* on freedom of transit through Suez Canal:

While there would seem to be no objection to the three powers concerting as to joint attitude to be adopted toward Egypt to secure reaffirmation of basic principles re freedom of transit through canal, we believe that third item of agenda set forth in paragraph 12 need not be considered until outcome of forthcoming Suez defense negotiations with Egyptian Government is clear. It would seem logical that if these negotiations succeed Egyptian Government could easily be persuaded to make appropriate statement concerning freedom of transit and that, therefore, "last resort" measures would not be necessary.

We suggest that as interim measure it should not be difficult to intimate to General Naguib advantages to Egypt of making an exparte declaration reaffirming principles of Constantinople convention. Naguib might conveniently make such declaration on conclusion of base agreement. Once Egypt took this position it might then be easier at a later date to secure Egyptian adherence as an equal partner to some new international convention for freedom of transit through Suez.

Foregoing comments do not ignore fact that US is not party to Convention of Constantinople of 1888 and that US Government for other reasons might wish not to become party to such an instrument. We take it for granted that US policy re Panama Canal will be kept in mind before entering into conversations proposed by British and French.

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[1] Repeated to London and Paris.

Our overall conclusion is that meeting proposed in paragraph 12 should take place after forthcoming base and defense negotiations as course to be followed with Egypt will then be more clear.

CAFFERY

No. 566

684A.85/2-1253: Telegram

The Consul at Jerusalem (Tyler) to the Department of State [1]

SECRET PRIORITY JERUSALEM, February 12, 1953—3 p. m.

110. Comment my telegram 102, February 8. In recriminations as to who right or wrong on border issues it vitally important Israel and Arab states not lose sight of total picture. Responsible political and other leaders of public opinion both sides must be made to understand grave dangers world situation so they earnestly strive for peace and cease border bickerings, charges and counter-charges which becloud real issue although local issues very real to them.

Without going into merits either side one fact clear: Israel is in possession of much Arab land and presence of refugees is constant aggravation and reminder. Israel argument Arab military defiance 1947 partition resolution was cause does not diminish fact that nearly one million refugees are destitute. In present state affairs it would be political if not actual suicide for Arab leaders to talk sweet reasonableness to Israel. And yet I have met no responsible Arab who did not concede Israel here to stay. They may not always continue to think so and many statements and impossible demands now being made for home consumption are dangerous because it becomes unpatriotic to put forward more moderate claims (a Soviet technique).

Above all Israel must be made to see Arab point of view and realize it is often her own provocative acts and justification of them that so inflames Arab populations, that Arab leaders are forced in self protection to make such statements. Israel must grow up and not, like a little boy, yell "you're another" at every Arab act or sword-rattling pronouncement. She must return to the philosophy of Jacob who told his sons going into Egypt "take a little honey". Arab pride has been profoundly hurt by loss of war and as winner Israel must be magnanimous and conciliatory. She often does just opposite in overt actions, public statements, and unless she stops she will never have peace and will in long run fail to convince even her friends she wants peace. She must exercise patience. When she rates a gesture of goodwill such as unfreezing some Arab funds she should understand she cannot expect immediate and enthusiastic response from those whose funds they are in first place. She waited 2000 years for her state and should see wisdom of waiting patiently and accepting a few hard words for a few more to make friends with her neighbors. We should use what patient and persuasive powers we have to convince Israel and that large group of American Jews who have influence in Israel of importance this attitude.

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[1] Repeated to Amman, Cairo, Beirut, Damascus, London, Paris, and Rome; sent by pouch to Baghdad, Ankara, Jidda, and Tel Aviv.

Some of Israel's own leaders recognize her unfortunate inability to see any point of view other than her own and as Reuven Shiloah stated "her insistence on always being right is a national fault". But World War III can start here and Israel's very existence may depend on a change in her tactics.

If Israel's present state of mind described in Tel Aviv telegrams requires repetition of guarantees we determined to support her economically and prevent forcible territorial changes, these should be given. It realized it may not be too easy for Israel to show conciliation not only for internal reasons but because such action her part may be taken by Arab states as sign of weakness and result in stiffer attitude. In this Israel must trust our assurances, of which the Arabs are aware. She should also be reminded that while our official policy is to support them we are a democracy and publication of her brutal aggressions across frontiers becoming known will lessen sympathy for her and make it difficult for Congress to appropriate the needed funds.

TYLER

No. 567

684A.85/2-1253: Telegram

The Secretary of State to the Embassy in Jordan [1]

CONFIDENTIAL WASHINGTON, February 12, 1953—7:54 p. m.
PRIORITY

625. Department has carefully studied the excellent reporting from Tel Aviv, Jerusalem and Amman on Israel–Jordan border situation and Department's analysis and action required are indicated hereunder:

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[1] Repeated to Tel Aviv, Jerusalem, London, Paris, Ankara, and the Arab capitals.

Analysis

1. Even with complete goodwill on part Jordan and Israel authorities some frontier friction would occur, particularly at harvest time, since lengthy frontier and difficult terrain make total elimination infiltration virtually impossible. The problem is for each government to exercise maximum control its inhabitants to limit infiltration to minimum.

2. HKJ authorities state all possible measures to prevent infiltration have been taken. Nevertheless the National Guard is the main if not only border enforcing agency except in the Jerusalem area where the Arab Legion exercises some if not complete control. Indications are National Guard not completely reliable and hence not capable handling its responsibility. Greater use of Legion would undoubtedly decrease border violations.

3. The MAC has the responsibility for policing armistice agreements and for investigating violations arising under the agreement. The MAC does not have enforcing powers.

4. There is no basis for assumption that the US and UN are synonymous and US should therefore enforce armistice agreements. Fact is while US is member of UN it possesses same prerogative as all other member nations, namely, one vote which the vote of any other state could nullify in the GA.

5. Department believes solution problem Israel–Jordan border relations lies in concerted effort both parties to arrive at permanent workable arrangements which are faithfully implemented by both sides. The MAC has been established for this very purpose. Declarations of desire for stable, peaceful relations on border do little to contribute to stability if not followed up by conscientious action by both of the parties to the agreement.

6. The MAC has verified that Israel forces crossed demarcation line and attacked Falama but has ascertained that Jordan forces had no part in the mining of the railway in Israel. USG therefore cannot consider the two incidents comparable since all indications point to the Israel attack on Falama as a carefully planned operation carried out as a part of a major policy decision of IG.

7. Israel's policy of reprisal raids has already been subject of strong US disapprobation, as for example, Byroade to Sharett June 20,[2] Hart to Makleff June 24,[3] and, most recently, Jernegan to Goitein January 30[4] (see memos conversation those dates). IG offi-

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[2] See the two memoranda of conversation, Documents 449 and 450.

[3] Memorandum of conversation not printed.

[4] Memorandum of conversation not printed, but see telegram 726 to Tel Aviv, Document 552.

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cials have always maintained that retaliatory raids are necessary and justifiable to keep down infiltration. IG to date has been unwilling to give assurances that such raids will cease. Is USG therefore to assume that IG will continue to flout friendly counsel and take matters into own hands? USG considers these raids a grave danger to the security and stability of the area and if they are not expressly and clearly abandoned it must accordingly reserve its right to take appropriate action under the Tripartite Declaration and possibly under UN procedures.

Action for Amman

1. Paragraphs of above analysis considered applicable to Jordan are one through five. These should be incorporated into an *aide-mémoire* which should be left by Ambassador with Foreign Minister after oral representations along same lines.

2. The information contained in paragraphs six and seven may be conveyed orally to Foreign Minister after completion action contained preceding paragraph. No written record of these two paragraphs are to be left with HKJ Government.

Action for Tel Aviv

1. Paragraphs of analysis considered applicable to Israel are one, five, six and seven. These should be incorporated into an *aide-mémoire* which Ambassador should leave with Foreign Minister. Verbal report of démarche to HKJ should be given to Foreign Minister.

2. In conveying foregoing information to Foreign Minister you should express USG regret that IG has not seen fit to accept friendly counsel and that USG must consider what further step will be required to impress IG sufficiently with importance of abandoning policy of reprisal raids into neighboring territory.

DULLES

No. 568

684A.85/2-1453: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

CONFIDENTIAL AMMAN, February 14, 1953—4 p. m.

688. Deptel 625 [2] received noon Friday 13 on which day all government offices closed; therefore action prescribed was deferred until February 14.

In absence of Prime Minister (see Embtel 641, February 5) [3] I called on acting Prime Minister and acting Foreign Minister Said Mufti. Under Secretary of Foreign Affairs acted as interpreter.

After I had conveyed substance of "analysis" in reference to orally making clear distinction between paragraphs 1-5 and paragraphs 6 and 7 acting Prime Minister expressed appreciation of attitude of US Government and of understanding of the situation reflected in my representations.

Acting Prime Minister detailed at some length efforts of HKJ to diminish infiltration. He stated emphatically that government believed that infiltration was not in interest of HKJ. He referred to the numbers of infiltrators or alleged infiltrators captured and held in detention camps. He said that he would speak to CINC tomorrow in regard to possible reinforcement of Arab Legion on border.

Comment, general:

Representations made in compliance instructions in reftel have served to clear the atmosphere, promote understanding and improve relations between HKJ and US Government.

Re paragraph 1. Infiltration may be reduced but it will continue create difficulties until refugee problem is solved and until peace is established. Although we may understand why it is necessary that Arab families be separated and that Arabs be separated from the lands on which they formerly dwelled, it is often difficult for the uneducated Arabs to understand that they commit a crime going to visit their parents or in harvesting crops on lands which they formerly cultivated. No amount of policing can absolutely prevent infiltration in these circumstances.

Re paragraph 2. The Department will note that in the *aide-mémoire* the language of reftel re national guard has been slightly modified. I feel it necessary to make this modification in order to avoid any language which might be considered derogatory to the national guard. The national guard having stood the brunt of recent Israeli attacks enjoys high popularity in Jordan and members are treated as heroes. It is believed that the language as modified conveyed the sense intended and greatly diminished possibility of giving offense. Copy of *aide-mémoire* pouched.

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[1] Repeated to London, Beirut, Paris, Baghdad, Ankara, Jidda, Damascus, Jerusalem, and Cairo.

[2] *Supra.*

[3] Not printed.

Two battalions of Arab Legion have been moved to border districts since Falama incident. They may be further reinforced. I am informed that Glubb feels however that Arab Legion cannot be used primarily as police force for preventing infiltration. Concentration of too great proportion Arab Legion near border interferes with necessary military training.

Re paragraph 4. Embassy is not aware that anyone in authority in Jordan has assumed that US and UN are synonomous or that US should enforce armistice agreement. Prime Minister and others have indeed expressed opinion that is in fact so dependent upon the US that the US could exercise great influence upon Israeli foreign policy when US foreign policy would seem to demand such action.

GREEN

No. 569

684A.85/2-1653: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, February 16, 1953—4 p. m.

1318. Deptel 770 [2] and Embtel 1311. [3] Saw Foreign Minister Sharett personally this morning at 10:15. Made oral representations and delivered *aide-mémoire* in accordance with instructions Deptel 770. Sharett stated that on matter of such importance he would not attempt any immediate oral reply but assured me answer would be based on most careful consideration by IG.

In absence Foreign Minister yesterday Eytan had been given outline of representations. Sharett told me he had received advance report from Eytan and had immediately informed Prime Minister Ben Gurion, who would wish to discuss matter with me later. While he avoided any formal reply or comment, Foreign Minister gave me impression that he received favorably information that USG had expressed view to both Israel and Jordan that their border relations could be solved only through concerted effort on part of both countries to agree upon permanent and workable arrangements which should be faithfully implemented by both sides, utilizing facilities of mixed armistice commission. It was my impression further that he received in all seriousness representations based on numbered paragraphs 6 and 7 of reference Department's telegram. Reuven Shiloah was also present at my meeting with Sharett.

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[1] Repeated to London, Beirut, Paris, Baghdad, Damascus, Cairo, Ankara, Jerusalem, and Jidda.

[2] Printed as telegram 625 to Damascus, Document 567.

[3] Not printed.

Text of *aide-mémoire* follows by air pouch.[4]

DAVIS

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[4] The text of the *aide-mémoire* as delivered was sent to the Department as an enclosure to despatch 761 from Tel Aviv, Feb. 16, not printed. (684A.85/2-1653)

No. 570

786.00/2-1753

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

CONFIDENTIAL [WASHINGTON,] February 17, 1953.

Subject: Interview with Under Secretary Smith by Diplomatic Representatives of Seven Arab States.

Participants: Mr. Mohamed Kamil Abdul Rahim, Egyptian Ambassador
Dr. Farid Zeineddine, Syrian Ambassador
Mr. Abdullah Ibrahim Bakr, Minister Plenipotentiary, Chargé d'Affaires ad interim of Iraq
Dr. Yusuf Haikal, Minister of the Hashemite Kingdom of the Jordan
Sayed Abdurrahman Ibn Abdussamed Abu-Taleb, Chargé d'Affaires, Legation of Yemen
Mr. Hassan Saab, First Secretary, Legation of Lebanon, Chargé d'Affaires ad interim
Sheikh Mohammed Muhtasib, Second Secretary, Embassy of Saudi Arabia, Chargé d'Affaires ad interim
Under Secretary Walter Bedell Smith
Assistant Secretary Henry A. Byroade, NEA
Mr. Parker T. Hart, Director, NE

This call had been requested on an urgent basis on February 16 by the Egyptian Embassy, speaking on behalf of the Arab group. The Egyptian Ambassador acted as primary spokesman for the group, being Dean of the Arab corps. He stated that the purpose of the visit was twofold: first, to congratulate Mr. Smith on his appointment as Under Secretary and, second, to express the deep concern of the Arab states over the implications which the recent rupture between the Soviet Union and Israel might have in terms of Zionist pressures on the United States Government. He said that it was evident that this rupture would provoke a renewed wave of sympathy in the United States for Zionism and might result in pressures for statements or actions by the United States Government which would be interpreted in the Arab world as unfriendly. He pointed out that the Communist "line" in the Arab world emphasizes anti-Zionism and extreme Arab nationalism, and that Communists would have little difficulty in attracting Arab sympathy if the United States Government took a position on behalf of Israel and against the Soviet Union which would, by implication, be a position against Arab interests. He pointed out that the rank and file of Arabs would not be able to discriminate between the Communist "line" and the truth, and that the reservoir of goodwill toward America which still remains in the Arab world would be heavily drained if the United States Government should yield to the pressures of Zionism exerted through American Jewry.

Ambassador Zeineddine of Syria commented further that such a yielding by the U.S. Government would undermine the position of moderate pro-Western leadership in the Arab states to the point where it might be removed from authority.

The Under Secretary asked Mr. Zeineddine for further elucidation as to the dangers which he envisaged. Mr. Zeineddine replied that he feared military aid and disproportionate economic aid to Israel. In effect, he feared a continuation of the general orientation of the previous Administration.

General Smith responded that he had recently had occasion to call to the attention of his friend, Abba Eban, Ambassador of Israel—for whom he had always entertained high respect—that the United States could not be accused of discriminating against Israel in its policies. He felt that by the same token the U.S. had a good record of helpfulness toward the Arab countries; the U.S. Government sought peace and stability throughout the area and stood firmly against any aggression. Indeed, as his visitors were probably aware, the U.S. Government had recently dispatched a very strong note to Tel Aviv regarding the recent incursions by Israeli armed forces into Jordan, which it felt could not be excused by Israel on grounds of individual infiltration from the Jordan side. With respect to the recent rift between the Soviet Union and Israel, his visitors might fear that this might result in a recrudescence of large-scale Jewish emigration from Eastern Europe into Israel.

However, from his years in Moscow, the Under Secretary felt certain that the Soviet Union would never permit large-scale emigration from the Iron Curtain, this being contrary to very firmly established Soviet policy. Turning to Ambassador Zeineddine, whom he had known in Moscow, he inquired whether the latter agreed. Both Mr. Zeineddine and the Ambassador of Egypt responded that they did agree and that this was not what the Arabs mainly feared. What they feared most were public statements supporting Israel, resolutions by Congress and general diplomatic support which would "pour oil" on the smoldering fires of resentment against the U.S. which existed as the result of America's part in the creation of the State of Israel and its subsequent assistance to that country.

Note: Contrary to February 18 reports in the American press, the Arab representatives did not seek assurances from the Under Secretary that the United States would cease all aid to Israel; nor did they seek direct commitments on any subjects. The purpose of their visit was to give expression to their apprehensions and to their hope that this Government would not yield to Zionist pressures.

No. 571

674.84A/2-1753: Telegram

The Ambassador in France (Dunn) to the Department of State [1]

TOP SECRET PARIS, February 17, 1953.

4625. Shmuel Divon, Israeli Chargé, told Embassy officer February 16 very confidentially of new Israeli contacts within past two or three weeks with influential Egyptians close to Naguib, aimed at exploring peace possibilities (Tel Aviv 304 to Department August 22, repeated Paris 35, Cairo 31). Commented that while Israelis not sanguine that contacts will bear immediate fruit, they are somewhat encouraged by fact these Egyptians now appear to accept principle of resettlement of refugees in Arab States. Stated Egyptians had warned against any leak on these contacts, which they would deny if questioned.

Above may be of interest in light Cairo telegram to Department 1803, February 7, repeated Paris unnumbered.

DUNN

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[1] Sent to Cairo as telegram 41; repeated to the Department, Tel Aviv, and London.

No. 572

684A.86/2-2053: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

SECRET AMMAN, February 20, 1953—8 a. m.

701. Anwar Nuseibeh, Minister of Defense, discussed with me very informally at my home February 18 desirability of peace with Israel and prospect of bringing about a peace on reasonably satisfactory terms.

He emphasized unity of Arab States on this issue, said that if Israel had any hope of dividing Arab States by making separate peace with either Syria or Egypt, Israeli Government was deceiving itself; clearly implied that he made this statement on basis authoritative information. Said that Arab States would not make peace as they had made war—that is, each on its own, and that peace negotiations would have to be through Arab League channels.

Nuseibeh said Arab leaders have become reluctantly convinced that Israel is there to stay and that best policy is to make peace with a neighbor, however much disliked that neighbor may be. Without going into great detail he indicated that to him a reasonable peace meant a peace along the lines indicated in Embassy despatch 215, January 19 [2] and Embtel 643 of Feb 6.

Problem which seemed to assume great importance in his mind was: "Who is to take initiative." I suggested Arab States might well take initiative. He said that would seem too much like the vanquished begging peace of the victor. With him it was a question of "face." I replied that I saw no reason why Arab States should not take initiative, on the premise that even though Israel had been victorious in war Israel's present precarious economic situation, due in large part to Arab blockade, would enable parties to deal more or less as equals.

It was clear from what Nuseibeh said that the ideas he expressed were not only the result of discussions with his colleagues in the Cabinet but also the result of conversations between Jordanians and representatives of other Arab States.

GREEN

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[1] Repeated to Jerusalem, Tel Aviv, Beirut, Damascus, Baghdad, Cairo, Paris, London, and Jidda.

[2] Not printed.

No. 573

684A.85/2-2053: Telegram

The Ambassador in Israel (Davis) to the Department of State

CONFIDENTIAL PRIORITY TEL AVIV, February 20, 1953—9 p. m.

1348. Deptel 770,[1] Embtel 1318,[2] Embassy despatch 761 February 16.[3] Prime Minister Ben Gurion invited me to meet with him, Foreign Minister Sharett, Kollek and Bendor yesterday afternoon to discuss US-Israel relations in general and representations made pursuant to Deptel 770 in particular. Although Prime Minister showed some of subjectivity mentioned in section one Embtel 1265 in discussing Embassy's *aide-mémoire* re reprisals, it was obvious he took representations very seriously and is anxious avoid injuring relations with the United States and other Western powers.

Prime Minister commenced discussion with expression of hope US policy of 5 years of support for Israel should be continued and expanded. He stated he would be the first to recognize that without help of American Jewry and US Government, Israel could not survive; and that he realized also that free peoples of world must help themselves and that they should not "create difficulties". Commenting on importance of regional peace to Israel and Western powers, he expressed hope that US could improve situation by lending support of its influence and prestige. He saw no reason, however, to delay preparations for defense until regional peace is achieved, saying he thought it none too early to prepare for an emergency. He said Israel would be in position to mobilize considerable armed force and provide important strategic facilities. He dilated on this subject in some detail saying Israel could train force of some 200,000 to 250,000; and could be important as center of communications, supply, repairs, etc.

He commented on how little progress Israel has made in getting military aid, and made plea for early consideration of his request, stressing willingness to cooperate. He said in event war comes there is no assurance most of countries in Middle East would not attempt to remain neutral, and expressed opinion US would be obliged defend Middle East in any case. He mentioned three possibilities in order of their desirability:

(1) To achieve area peace, presumably through Egypt, bringing whole including Israel into regional defense plans;

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[1] Printed as telegram 625 to Amman, Document 567.

[2] Document 569.

[3] Not printed, but see footnote 4, *ibid.*

(2) If area peace cannot be achieved in time, make arrangements separately with all willing to cooperate, in which connection he confirmed prior assurances Israel would cooperate on such basis, and

(3) Make arrangements defend area even though some Arab countries refuse to cooperate on either basis, in which event Western powers would have to depend principally on Turkey and Israel.

As to Embassy's *aide-mémoire* of February 16 based on Deptel 770, Prime Minister stated he would be less than frank if he did not say he had been "a little astonished and hurt by some of the statements and the general tone". On other hand he was gratified at evidence US realization its position of world leadership and did not resent its frank criticism when based on facts. He agreed that friction with neighboring countries should be avoided and that infiltration and countermeasures are not purely local matters. He took exception to implication of mutual guilt with regard to infiltration saying that it is Jordanians who enter Israel to loot, rather than vice versa.

While conceding impossibility stop border incidents entirely, he says it has been demonstrated infiltration on large scale can be prevented. Shishikli, he said, had reduced border depredations to a minimum and he is convinced infiltration problem with Jordan can be controlled if Jordan Government and Arab Legion seriously wish to achieve this result. He felt it was not fair, moreover, to excuse the Jordan Government of responsibility in connection with the railway explosion saying "to mine a railway required planning and whether committed by regulars or irregulars makes little difference to Israel".

As to all-important question of reprisals, the Prime Minister said that he knew they make trouble for his government and for the friends of Israel, and that he would like to have advice as to how lives and property could be protected, saying "I confess I do not know how we can do it without fighting back". He urged that we look back in our own history to times when frontier settlements were exposed to raids and that we consider what it would mean to us if we were subjected to proportional killing and looting. He added "we cannot give our people the feeling that they are not being protected. Believe me, I am as strong for peace with the Arabs as you are, since for us it is vital, but until there is peace we must protect our people". In course conversation, I reviewed our attitude toward reprisals saying present representations are result series of events which are regarded as unnecessary and extremely harmful to interest of Israel as well as US. Specific mention was made of the El Hamma bombing in 1951, the Beit Jala and other acts of reprisal in 1952, the "barrel incident" and the recent attacks on Jordan villages.

While Prime Minister who determines Israel Government policy, still believes reprisals might in certain circumstances, "be only effective means of self-defense", Embassy believes he is sincere in wishing to avoid them. Ultimate effectiveness of representations will depend it is believed on extent to which both parties take seriously US interest in easing tension and make real effort control situation.

DAVIS

No. 574

683.84A/2-2653: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET NIACT TEL AVIV, February 26, 1953—7 p. m.

1370. Embtels 1302 [2] and 1310. [3] Embassy received through Consulate General Jerusalem last night copy of letter dated February 19 from Lieutenant Colonel Gaon to Vigier of UNTSO stating Israel prepared resume discussions with Syria "in view of fact that it has been agreed to confine present Israel–Syria talks to division of demilitarization zones only". Letter adds: "Whenever an Arab inhabitant of the DZ elects to leave his present abode because of the zone's division, he shall be suitably compensated. If this compensation is made in form of lands; these lands need not necessarily lie within the DZ". Director United States Division Foreign Ministry stated this morning Israel Government understanding Syria willing proceed with present discussions on above basis if this does "not rule out compensation outside DZ" for Arabs who desire leave lands on Israel side new demarcation line. At noon today Reuven Shiloah, special adviser to Foreign Minister, stated that letter is Israeli Government formula designed to enable governments to proceed with discussion Syrian proposal.

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[1] Repeated to Damascus, Jerusalem, London, Paris, and Rome.

[2] In telegram 1302 from Tel Aviv, Feb. 13, Ambassador Davis reported that he had an appointment to see Foreign Minister Sharett after verifying Israel's receipt of the Syrian Government's proposal. (684A.85/2-1353)

[3] In telegram 1310 from Tel Aviv, Feb. 13, Davis reported that Sharett stated he had not yet received details of the latest Syrian proposal for a new demarcation line but Vigier had given the Director General of the Foreign Ministry a preview of its general lines. Sharett expressed gratification at this indication that Shishikli still desired an agreement, and responded favorably to Davis' expression of hope that the new proposals would receive careful consideration and that every effort would be made to avoid fixing conditions or making pronouncements which might result in breaking off negotiations. (684A.85/2-1353)

By way of background he explained that in saying lands given in compensation need not lie within DZ, Israel left open to discussion area suggested by Syria but provided a much more palatable formulation for domestic political purposes. He stated this formulation had further advantage avoiding mention name of area (Derbashiya) which has no precise limitations. He assured me it is Israeli Government intent to try to reach agreement within framework present offer and reply. He stated that although Israel would much prefer to pay compensation in money for the property of Arabs wishing to abandon their property on Israel side of demarcation line, letter clearly indicates readiness to negotiate compensation in form of lands outside demilitarization zones.

DAVIS

No. 575

683.84A/2-2753: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, February 27, 1953—6 p. m.

1380. Embtel 1370. [2] Embassy informed by Consulate General Jerusalem that true text of letter sent from Lt. Col. Gaon to Vigier of UNTSO reads as follows:

"In view of the fact that it has been agreed to confine the present Israeli-Syrian talks to changes of the demarcation line within the demilitarized zones only, the Israeli delegation is expecting to be notified of a date, settled by you, for the resumption of the discussions.

"I have also been authorized to state that whenever an inhabitant of the demilitarized zone elects to leave his present abode because of changes effected in this zone, he shall be suitably compensated. If this compensation is made in form of lands, such lands need not necessarily lie within the demilitarized zone." [3]

DAVIS

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[1] Repeated to Damascus, Jerusalem, London, Paris, and Rome.

[2] *Supra.*

[3] In telegram 1383, Feb. 27, Ambassador Davis stated that Sharett reported that Vigier had informed an Israeli government representative that Syria was prepared to resume negotiations on the basis of the Gaon letter quoted in telegram 1380. (683.84A/2-2753)

Ambassador Moose reported from Damascus on Feb. 28 that the U.N. Truce Supervision Organization stated that the initial Syrian reaction to the Israeli reply was favorable. (Telegram 574; 683.84A/2-2853)

No. 576

784A.02/2-2753: Circular telegram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

CONFIDENTIAL WASHINGTON, February 27, 1953—6:20 p. m.

905. RefDeptel 7 July 3, 1952 Tel Aviv, 23 Cairo, 6 Jidda, 20 Baghdad, 8 Amman, 35 Beirut, 10 Damascus, 2 Jerusalem, 9 USUN also sent air London Paris Ankara Rome.

1. Tel Aviv telegram 1361 Feb 25 [2] confirms intention IG to complete transfer FonMin to Jerusalem by May or June.

2. Dept believes IG FonMin should not be moved to Jerusalem until future status of Jerusalem has been more clearly determined (a) by UN or (b) by agreement with neighboring states as, for example, in a peace settlement, or (c) until some major development occurs which would change the status of Jerusalem and justify a change in USG policy. For planning purposes Dept anticipates a *status quo* of possibly two years but has in mind possibilities under (c) of this paragraph.

3. Dept's reasoning is that time must be allowed for further improvement in climate leading to peace and in meantime Israel, which has most to gain, should not pursue a course which would make it more difficult for us to be helpful in settlement of NE problems. Further, to move FonMin now would invite attack on Israel in current session of GA.

4. Representatives of UK, France, Italy, Belgium and Australia have informed Dept their governments oppose transfer and will keep missions in Tel Aviv. These governments have requested USG join in *démarche* to IG with view IG leaving FonMin Tel Aviv.

5. Ambassador Tel Aviv should coordinate with other Mission Chiefs named in paragraph 4 and, at earliest possible, request IG not to transfer its FonMin to Jerusalem and state that USG does not intend to move its mission from Tel Aviv. Dept hopes *démarche* can be made not later than March 4.

6. You should also inform IG that Dept does not plan to publicize representations unless press first informed by another source.

7. It is understood that UK and possibly other governments intend to address a note to IG on this subject. Your representations should be oral because of number of times USG has made representations to IG in recent weeks.

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[1] Sent to Tel Aviv, Ankara, London, Paris, Rome, Brussels, Rio de Janeiro, Stockholm, and Bern; repeated for information to New York and for information by air pouch to Cairo, Jidda, Baghdad, Amman, Beirut, Damascus, and Jerusalem.

[2] Not printed.

8. In addition to countries named in paragraph four, this message is being addressed to US missions in certain other countries having missions in Tel Aviv (Ankara, Stockholm, Bern, Rio de Janeiro). Addressee missions named this paragraph should inform governments to which accredited of USG intention to make representations to IG.

DULLES

No. 577

684A.86/2-2753: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET PRIORITY TEL AVIV, February 27, 1953—9 p. m.

1384. Amman Embtel 701 [2] to Department. Interest expressed Amman authorities discuss peace with Israel encouraging. While developments discussed Embtels 1183, [3] 1209, [4] and 1265 [5] have created concern on part of Israeli Government, the desire for peace as reported Embtel 665, October 23 and as voiced by Israel Delegation General Assembly last fall is still strong.

Embassy does not believe problem of "who is to take initiative" should prove a difficult one since it has been assured repeatedly of Israeli Government's readiness take initiative in move promising advancement toward peace and only yesterday Reuven Shiloah who is now giving much of his time to Arab affairs confirmed this policy. Regarding HKJ views basic for peace indicated Amman Embtel 643 of February 6 submit following comments. If solution Jerusalem problem can be effected short of establishing UN sovereignty over city through an international authority (in which presumably the Soviet Union would be able to exert an influence), it should be possible evolve formula that would achieve our announced objective of satisfactorily preserving GA interests of the world community and the states directly concerned (Amman Embtel 709 February 21). [6] Although possibly some limited return of refugees to Israel might be worked out, Embassy believes return of refugees should be subordinated to Israeli Government undertaking to provide full compensation and UN program for resettlement. Israel ability to pay compensation will, of course, depend to considerable extent on relaxation of blockade.

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[1] Repeated to Amman, Cairo, Damascus, Jerusalem, London, Paris, Baghdad, Beirut, and Jidda.

[2] Document 572.

[3] Document 547.

[4] Document 551.

[5] Document 562.

[6] Not printed.

With respect to boundaries, result present discussion between Syria and Israel will indicate whether there is reasonable hope settlement this type of problem.

DAVIS

No. 578

262.84A41/2-2853: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, February 28, 1953—3:52 p. m.
PRIORITY

806. Kollek Secretary General Prime Minister's Office yesterday informed Dept Israel Govt had definitely established as national policy payment of compensation to Arab refugees. Dept inquired whether Israel Govt had considered desirability making public announcement this policy at present time in view imminence German ratification German-Israel Restitution Agreement. Kollek appeared attracted by idea and stated he would recommend such action to Israel Govt.

Unless you perceive objections Dept suggests you also bring this suggestion to attention Israel Govt and point out that announcement if made now might possibly assist in forestalling Arab boycott Federal Republic particularly if it indicated Israel Govt already actively studying compensation problem. In any case Dept believes announcement should have beneficial effect, even though initial Arab press reactions may voice suspicion announcement intended merely influence Bundestag vote. However Bundestag ratification appears likely in any case and delay of announcement until after ratification may mean loss of opportunity influence Arab consultations re boycott Federal Republic.

Comments Embassy Cairo requested. [2]

DULLES

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[1] Repeated priority to Cairo and by pouch to the other Arab capitals, Bonn, London, Paris, and Ankara.

[2] Ambassador Caffery replied on Mar. 1 that the "first question Arabs will ask is 'how much' ". Caffery observed that if the suggested statement outlined in the Department's telegram reflected the decision of the Israeli Government to pay substantial compensation, the effect on Arab opinion would be beneficial. However, if compensation was to be of a token variety or merely consist of the release of the blocked Arab sterling balance, it would have little effect. (Telegram 1964 from Cairo, Mar. 1, 3 p. m.; 262.84A41/3-153)

For the reply of the Embassy in Israel, see telegram 1405 from Tel Aviv, Document 581.

No. 579

784A.02/3-453: Telegram

The Ambassador in Israel (Davis) to the Department of State

CONFIDENTIAL PRIORITY TEL AVIV, March 4, 1953—2 p. m.

1399. Saw Foreign Minister Sharett yesterday afternoon (Department's Circular telegram 905,[1] Embassy telegram 1393[2]) and informed him orally that United States Government requests Israeli Government not transfer Foreign Ministry to Jerusalem and that United States does not intend move Embassy from Tel Aviv. Added representations will not be publicized unless information from another source first reaches press. Stressed as background that Israel has much to gain from improvement in situation and should not take action that would make more difficult for United States exercise helpful influence. Stated further matter had now attracted considerable international attention and move might jeopardize interests of great importance.

Sharett replied he would convey request regarding move to Prime Minister and Cabinet, adding he considered request "unrealistic" and felt it would not have decisive bearing on prospects for peace but on contrary would tend enlarge already difficult problem. He reviewed Israel's position on establishment Ministries in Jerusalem, mentioning also that officials are already in process of obtaining housing there.

Sharett said he now expects arrive in United States early April to remain about eight days when he will proceed to Buenos Aires. He remarked this would afford opportunity have full discussion Israel viewpoint with United States officials in Washington.

DAVIS

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[1] Document 576.

[2] In telegram 1393, Mar. 2, Ambassador Davis reported that he met that afternoon with representatives of the British, French, Italian, Belgian and Austrian Missions in Tel Aviv; each had received or anticipated receiving instructions similar to those contained in circular telegram 905 of Feb. 27. (784A.02/3-253)

No. 580

884A.00 TA/3-453: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

SECRET — TEL AVIV, March 4, 1953—7 p. m.

1404. Content Deptel 660 [2] was conveyed to Foreign Ministry but feeling that Israel is being disregarded in matter of direct concern to her has increased (Embtel 1064 [3] and 287 [4]).

Tekoah, Assistant Legal Advisor Foreign Ministry, has outlined to Embassy legal position Israel as riparian state and called attention to right of Palestine Electric Corporation as holder concession under Palestine mandate in 1927 and "in Jordan by 1928 enactment". Director United States Division, Bendor, referred recently to call Fryer and I made on Sharett (Embtel 281), [5] saying Foreign Minister had been motivated in suggesting consultations at technical level by genuine interest in possibility of settling refugees, but in so doing Sharett had not waived principle Israel's riparian rights, which would have to be referred to Cabinet. It was naturally expected consultations would take place soon to provide basis for government consideration. Referring to reports Syria had authorized signing agreement with Jordan, Bendor suggested that if it is not too soon for considering agreement on matter between Syria and Jordan, it should not have been too soon for consultations suggested by Sharett.

Same source stated Israel officials feel genuine concern lest project, which requires international agreement, reach advance stage without Israel's being consulted. Said Israel has repeatedly expressed willingness settle matters this kind outside context general peace settlement and Yarmuk Plan presents "excellent opportunity for technical cooperation". He remarked plan apparently was suggested to Jordan authorities on unilateral basis by TCA engineer, and is now under study without one of governments directly affected being consulted regarding its interests.

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[1] Repeated to Amman, Beirut, and Damascus.

[2] Document 540.

[3] Document 537.

[4] In telegram 287 from Tel Aviv, Aug. 19, the Embassy stated its belief that consultation between American and Israeli engineers on Near Eastern water problems and Yarmuk water rights in particular would yield much useful information to the United States. The Israeli Government, assisted by American consultants, had already made extensive studies, and had frequently expressed the desire to consult with American engineers working on the Litani and Yarmuk projects. In view of the unlikelihood of direct discussions in the near future between Arab and Israeli engineers, the Embassy felt that something was to be gained by discussions between U.S. and Israeli engineers. (884A.2614/8-1952)

[5] Not printed, but see footnote 3, Document 537.

Embassy comment: There is no doubt Israel Government feels strongly about Yarmuk project. In effort prevent growing suspicion and resentment here from becoming serious obstacle to implementation this and other constructive plans, Embassy recommends United Nations or other technically qualified persons familiar with subject be authorized brief Israel officials at technical level regardless of stage planning has reached.

DAVIS

No. 581

262.84A41/3-553: Telegram

The Ambassador in Israel (Davis) to the Department of State [1]

CONFIDENTIAL TEL AVIV, March 5, 1953—10 a. m.

1405. Yesterday spoke to Sharett regarding suggestion Israel Government make public announcement readiness pay compensation Arab refugees, pointing out such action might be timely in forestalling Arab decision boycott Federal Republic (Deptel 806). [2]

Sharett stated he had taken advantage Ralph Bunche's (Embtel 1269) [3] visit to send message to Egyptian official circles Israel's offer to pay compensation stands "for time being". He said he had tried to have conveyed to Egyptians detrimental effect of blockade on Israel's ability to pay, and had suggested informal meeting of two Israel representatives with two Egyptians to discuss any subject Egypt might wish to raise.

As to suggestion Israel Government make public statement on compensation, Sharett expressed doubt effectiveness in Arab countries, but later indicated domestic political consideration probably chief reason for hesitation. He remarked spate of new incidents Jordan frontier and current criticism of government's foreign policy (Embtel 1378), [4] make present very inopportune time solicit Israel public support for such statement.

DAVIS

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[1] Repeated to Cairo, Bonn, London, Paris, and Ankara.

[2] Document 578.

[3] Dated Feb. 9, not printed, but see footnote 2, Document 560.

[4] Telegram 1378, Feb. 27, not printed, cited recent examples of criticism by the Israeli press of Israeli foreign policy. (684A.00/2-2753)

No. 582

884A.10/3-1053: Telegram

The Ambassador in Israel (Davis) to the Department of State

SECRET TEL AVIV, March 10, 1953—6 p. m.

1426. Joint Embassy-TCA message. Embassy telegrams 1305 and 1306.[1]

In effort "synchronize" with financial discussions being initiated Washington by Israel Embassy, Foreign Minister Sharett asked me to meet yesterday with him, Minister Finance Eshkol, Avriel and Bendor. Meeting was attended also by Russell, McDaniel and Jones. Principal points made by Sharett follow:

1. Israel Government has honored obligations undertaken in notes exchanged last September, having avoided further increase in short term debt total. This had been done he said at cost reduction standard of living, deferment development program, and rise unemployment.

2. Unwieldy short term debt remains, nevertheless, and imposes both financial and administrative burdens. By putting foreign exchange operations on cash basis (paying off all supply creditors but retaining bank fees) Israel Government estimates refunding operations would yield $10 million saving in financial costs. Would also enable Israel Government officials plan more rationally.

3. While Israel Government has actually reduced total short term debt by over $20 million, shortfall $20 million expected from April 1 through June 30. Sharett stated Israel Government will do utmost meet this itself along lines previously reported (see Embtel 1305). Pointed out, however, that even if successful, Israel Government would be worse off because it might be "mortgaging future". Will endeavor obtain cash advance from Germans, but if unsuccessful may have to resort to borrowing offsetting reductions thus far this year in short term debt (see Embtel 1306).

4. Israel Government will in any event have to come to United States Government for "one time" special assistance after June 30. Proceeds to be used only for refunding purposes. Amount not specified.

Comment: While Israel Government has made progress in implementing Mikesell report, and while there are compelling arguments for eventually refunding Israel short term debts, Embassy-TCA feel refunding should, if possible, be (a) disassociated from emergency assistance to avert default and (b) identified with attainable balance of payments objectives and projections that go beyond 12 months.

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[1] Neither printed.

This year's foreign exchange budget now apparently being operated on one shot basis with next fiscal year problems to be met when they arise. While it may be possible to get through June 30 even though German cash payment unattainable or delayed, by rolling back some maturities into next fiscal year, by pledging future income against current borrowings and by incurring additional short term debt, this only means trouble for period after July 1. It provides little assurance, moreover, that Israel Government can yet desist from rebuilding short term debt after a refunding operation and indicated that any refunding operation after July 1 may get involved in emergency financial assistance.

Uncertainty over German reparations agreement has admittedly dislocated Israel Government foreign exchange budgeting this past year. Embassy-TCA feel however, that, even though it may be difficult in this fluid situation, it is essential (a) for Israel Government to start establishing some attainable balance of payment goals and projections going beyond just one year (b) that these goals and projections should give expression to broad economic policy reforms such as outlined in CRANE D-30 [2] and (c) any refunding operation should be related to these two steps rather than to emergency financial assistance.

It is also felt that focus United States influence might now be shifted from that of introducing foreign exchange budget and orderly financial procedures to that of attaining broader policy objectives. Former focus was of overriding importance at time Mikesell report and essential prerequisite to broader economic reforms needed here. Time has now come for United States to use its aid to exert influence toward attaining type of economic reforms envisaged in CRANE D-30.

DAVIS

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[2] Not printed.

No. 583

974.5301/3-1153

The Secretary of State to the British Ambassador (Makins) [1]

SECRET

The Secretary of State presents his compliments to His Excellency the British Ambassador and has the honor to acknowledge the receipt of his note No. 46 of January 29, 1953 [2] which proposes the initiation of discussions between the Governments of the United States, the United Kingdom and France concerning the freedom of transit through the Suez Canal. An *aide-mémoire,* identical in content to the Ambasaador's note, has also been received from the Embassy of the French Republic.

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[1] A similar note, not printed, was sent to the French Embassy on Mar. 11.

After due consideration of the United States position with respect to the free use of the Suez Canal as it relates to presently existing circumstances in Egypt, the United States Government wishes to express to the Governments of Great Britain and France its opinion that the holding at this time of secret conversations between the three Governments relating to the agenda set forth in numbered Paragraph 12 of the note under reference would be premature and possibly prejudicial to the conclusion of agreements of larger significance to the Western Powers.

Although the United States Government is not a party to the Convention of Constantinople of October 29, 1888, the views of this Government on the subject of the freedom of transit through the Suez Canal are well-known. By its co-sponsorship of the United Nations Security Council Resolution on Egyptian restrictions on Canal traffic of September 1, 1951, the United States gave emphatic public expression to its views with respect to the free flow of traffic through the Canal. The Egyptian Government is well aware of the attitude of the United States Government in this respect.

While it is true that the situation with respect to unimpeded passage through the Canal is not yet ideal, the United States joins the Governments of the United Kingdom and France in their belief that the general disposition of the present Egyptian Government offers reasonable grounds for the expectation that satisfactory consideration of international rights will be afforded.

The Government of the United States understands that negotiations with the Egyptian Government on the long outstanding defense question may soon be under way. The successful conclusion of an amicable understanding would materially alter, to the benefit of the free nations, the situation in the Middle East. In view of the importance of these negotiations with Egypt, the United States is reluctant to take the risk of prejudicing their successful outcome. The proposed exchange of views between the three Governments, particularly since other maritime powers are to be invited to associate themselves with an agreed plan of action, might well result in seriously affecting the negotiations with Egypt. This is especially the case in the event that it should reach public notice that such a consultation was taking place without the knowledge or participation of the Egyptian Government.

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[2] Not printed.

The United States Government will be pleased to receive any further comments of the Government of the United Kingdom respecting the matters set forth above and desires to express its continued interest in the views of the British Government with regard to the freedom of transit of the Suez Canal.

WASHINGTON, March 11, 1953.

No. 584

683.84A/3-1853: Telegrams

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, March 18, 1953—7 p. m.

1470. Joseph Tekoah, assistant legal adviser to Foreign Ministry, states that March 16 Israel-Syrian meeting discussed demarcation line in all sectors of demilitarized zone and that following points of divergence between parties emerged:

(1) Northern sector demilitarized zone. Israel argued for line established on basis of present cultivation and possession of land, with compensation for Arab-owned land being cultivated by Israelis. Syrians argued for line based on ownership of land. Syria allegedly rejected suggestion by Vigier that Commission be set up to inquire into present cultivation and ownership and to propose to next session line taking into account both principles.

(2) Central sector. Divergence on three major points: (a) Syrians "insisted" on principle of land compensation for all Arab-owned land in demilitarized zone "regardless of whether Arabs at present inhabiting zone as in case Shamalna or whether Arabs living in Syria". According Tekoah, Syria was thus returning to its position prior to acceptance Gaon letter to Vigier (Embtel 1380) [2] of "demanding right annex piece of land equivalent to sum total of Arab-owned land left on Israel side of new demarcation line." (b) Syrians put forward claim for "island of land between two arms of Jordan River opposite Buteiha." Tekoah described this as departure from Jordan agreement to line along eastern bank of river. Added that Israel was prepared consider giving them island on understanding eastern arm of river would be "dammed off" but that this was rejected by Skugan representatives. (c) Syria reportedly claimed "full water rights". According Tekoah, this was departure from earlier Syrian agreement accept Israel's position on Jordan River (Israel

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[1] Repeated to Damascus, Jerusalem, London, Amman, Baghdad, Beirut, Cairo, and Jidda.

[2] Document 575.

sovereignty) on understanding Syrians would continue enjoy water rights they have had in past.

(3) Southern sector. Not discussed in detail. Compromise proposal expected to result from March 10 meeting (Embtel 1438)[3] not presented and positions both parties at that meeting reportedly unchanged. Tekoah described territorial problem this sector as most complicated because of "interlacing" of Israel and Arab lands. Claimed that Syrian position March 10 meeting, by suggesting line which would bring Syria "very close to high war", had gone beyond what Israel had previously been led to expect both from conversations Colonel Taxis and prior informal talks with Syrian representatives.

In conclusion Tekoah stated his impression Israel representatives discouraged and "outlook much less optimistic" as result above meeting. Gave as reasons (1) belief here that Syrian representatives are reverting to original positions in matters on which Israel understood compromises had been reached and (2) increasing propensity Syrians present proposals on basis that if Israel not prepared accept Syrian position little use in continuing. He praised Vigier for what he described as efforts keep Syrians in negotiating frame of mind and reported no decision yet on whether there will be meeting March 23.

Russell

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[3] Telegram 1438 from Tel Aviv, Mar. 12, reported on an Israeli Foreign Ministry official's summary of the Mar. 10 Syro-Israeli meeting. The official stated that both sides presented views on the proposed demarcation line for the southern sector of the demilitarized zone, and each was to report to its government and to Colonel Taxis to propose a compromise line on the basis of this discussion. (683.84A/3-1253)

No. 585

683.84A/3-1953: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, March 19, 1953—4 p. m.

601. According UNTSO, meeting March 16 Syrian and Israeli delegations discussed northern and central zones but not southern zone since documentation on land ownership not submitted (Embtel 592, March 12).[2] Israelis confirmed willingness give up Dardara and land above Huleh necessary compensate dispossessed central zone Arabs. MAC Chairman puzzled by uncompromising attitude

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[1] Repeated to Tel Aviv, Amman, Jerusalem, London, and Paris.

[2] Telegram 592 from Damascus contained a report of the Syria-Israel meeting of Mar. 10. (683.84A/3-1253)

Syrians who presented new demands such as for unlimited irrigation rights from upper Jordan waters. Taxis endeavoring obtain appointments see Shishikli ascertain whether Syrians changing position on zone settlement and to urge constructive attitude. Date next MAC meeting not yet fixed.

Taxis scheduled sail for US April 6. Apparently not yet decided who will replace him on Syro-Israel MAC.

MOOSE

No. 586

683.84A/3-1953: Telegram

The Secretary of State to the Embassy in Syria [1]

SECRET PRIORITY WASHINGTON, March 21, 1953—1:52 p. m.

535. Department disturbed at reported trend of events re Israel-Syrian border discussions (re Tel Aviv 1470 Mar 18 and Damascus 601 Mar 19). Reference cables present first indication "uncompromising" attitude on part Syrian Government. This indication is particularly disturbing since Department in its formulation of policy towards Middle East has noted and has been placing emphasis on Syrian progressive leadership with respect such outstanding Arab-Israel problems as refugee resettlement and border settlement.

While Department hesitates speculate cause apparent Syrian change of attitude Department hopeful this does not reflect Syrian over-confidence based on anticipation "new approach" by present Administration towards Middle East. If so, Syrians should be made realize intransigence will not attract US support but likely instead be interpreted here as confirmation warnings such as have been repeated by Israeli Government that any change of U.S. attitude towards Arab states would make settlement of outstanding issues more distant.

Department considers urgent that your fullest influence be appropriately used to urge border settlement which seemed so near. (Reference Damascus 574 Feb 28 [2] and Tel Aviv 1370 Feb 26, [3] 1380 [4] and 1383 Feb 27). [2]

DULLES

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[1] Repeated priority to Tel Aviv as telegram 856 and by air to Amman, Baghdad, Beirut, Cairo, Jidda, London, Moscow, Paris, and Jerusalem.

[2] Not printed, but see footnote 3, Document 575.

[3] Document 574.

[4] Document 575.

BEST COPY AVAILABLE

No. 587

884A.10/3-1053: Telegram

The Secretary of State to the Embassy in Israel

SECRET WASHINGTON, March 24, 1953—6:11 p. m.

863. Embtel 1426.[1] Israel Government represented by Eban, Sherman, Shalit and Lewin has made similar presentation here to that described reference telegram, except for strong implication that assistance relieve Israel Government of short-term debt burden should come before June 30, and argument that transferability provisions Mutual Security Act makes this feasible. Request was made for roughly $70 million in grant funds to meet debt estimated $98 million in payments falling due during period April 1, 1953 to May 30, 1954, less about $28 million in normal lines of credit. Representations were made that reduction in level indebtedness would be permanent.

Department finds Embassy–TCA comments very helpful and concurs that if funding operation undertaken it should generally follow lines reference telegram.

Following appear to be major arguments in favor operation: (1) Unless assistance granted Israel may default during forthcoming fiscal year. On economic side this would (a) probably cause immediate termination all bank and most commercial lines of credit; (b) cause serious disruption flow consumers goods and raw materials until purchasing placed on cash basis; with major portion dollar income already pledged to banks, transfer to cash basis might be delayed until after severe hardship caused Israel population. On political side default would (c) be harsh psychological blow to Israel people which would probably shake confidence in present moderate Government; (d) encourage Israel Government to follow policy of desperation; (e) provide evidence to Arab states of success boycott, tend to reverse present trend toward acceptance Israel as permanent feature Near East and upset slow improvement in political climate which US hopes will eventually lead to peace; (2) Funding would decrease extra cost (estimated $7 or $8 million annually in direct and indirect charges) of maintaining present short-term debt, which now reduces free dollar exchange available and reduces impact U.S. aid; (3) Operation would relieve high Israel officials of time-consuming and difficult problem of turning over short-term indebtedness; Israel Government generally is now subjected difficulty of making constructive plans because credit problem interferes with ability plan effectively.

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[1] Document 582.

While recognizing these arguments, Department weighing other factors: (1) Severely adverse affect on U.S. relations with Arab world of such additional assistance to Israel; (2) Possibility that release Israel officials from discipline imposed by necessity turn over short-term loans may be premature, and result in less careful fiscal management; (3) It would be difficult, most likely impossible over extended period, for IG to avoid building up new short-term indebtedness as result improved credit position, thus nullifying long-term effect of operation; (4) Precedent of bailing out Israel creditors may lay U.S. open to heavy pressure to bail out other important and influential U.S. creditors at some future time and may also open U.S. to similar demands from other countries; (5) Practical difficulty finding funds this purpose because of scarcity of and legal limitations on grant-aid funds, and difficulty obtaining convincing demonstration that repayment loan funds would be assured. Further Embassy comments, particularly on factors (2) and (3) immediately preceding, will be welcomed.

Department has initiated discussions problem which include representatives Treasury and Export-Import Bank. Apparent from early conversations that it would be very difficult find Mutual Security Act or loan funds for this purpose before June 30, even if decision were made that U.S. assistance warranted. Decision unlikely immediately in view complexity matter. Department hopes take advantage Ambassador's return air problem thoroughly before final decision made.

DULLES

No. 588

683.84A/3-2553: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, March 25, 1953—4 p. m.

611. Pursuant Deptel 535, March 21 I saw Shishikli March 24 and made points outlined last paragraph reftel. I expressed hope he would continue display leadership in eliminating points of friction with Israel. Shishikli summarized situation as follows:

1. He declared that Syria was first Arab country to endeavor remove troublesome points friction with Israel and said if Syrian

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[1] Repeated to Tel Aviv, Amman, Baghdad, Beirut, Cairo, Jidda, London, Moscow, Paris, and Jerusalem.

goodwill reciprocated there is no question of failure in present negotiations. He had been encouraged by progress made in ISMAC meetings to establish new demarcation line. He asserted parties had agreed compensation in either lands or cash should be made 6 dispossessed Arabs whether or not they left during or since hostilities. In March 16 meeting however Israel withdrew its agreement compensate such Arabs no longer living zone. Shishikli stated he could not sacrifice rights of Arabs who owned property in demilitarized zone (Embtels 550 and 551, February 11)[2] and if Israel did not recognize these rights negotiations might reach impasse. Shishikli termed Israeli "about-face" on property rights of Arabs device to prevent agreement prior departure Colonel Taxis. He suggested I confirm Israeli reversal attitude from Vigier or Taxis. *Comment:* Many Arabs have either left or been forced out of zones by Israeli policies, mainly in central and southern zones. Others including important Damascus families are absentee owners of lands west of Jordan.

2. Shishikli asserted task of ISMAC in current discussions is to agree upon provisional demarcation line, without prejudice to existing water rights. Final agreement on water rights must await permanent settlement. This confirms his position set forth in enclosure to Embdes 279, November 6, 1952.[3] However he stated Syria could hardly permit Baniyas and Hasbaya waters continue flow freely into Jordan if Israel were meanwhile to carry out unilaterally developments calculated to buttress Israeli claim to larger share of Jordan waters than it now utilizes.

3. Shishikli impressed me as being sincerely desirous reach settlement and disappointed at Israeli attitude. It is obvious some confusion exists between Shishikli understanding of present status of negotiations and those of Israeli and probably even his Syrian negotiators. Embassy hopes any differences may be cleared up in meeting tomorrow between Shishikli, Vigier, and Taxis.

MOOSE

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[2] Neither printed.

[3] See footnote 4, Document 509. The enclosure to despatch 279 from Damascus, Nov. 6, was a memorandum detailing that portion of a conversation of Nov. 3 between Moose and Shishikli relating to a possible division of the Syro-Israeli demilitarized zone between the two countries. (683.84A/11-652) The conversation is summarized in telegram 345 from Damascus, Document 509.

No. 589

683.84A/3-2853: Telegram

The Ambassador in Syria (Moose) to the Department of State[1]

SECRET DAMASCUS, March 28, 1953—9 a. m.

619. Embtel 611, March 25. Colonel Taxis states in meeting with Colonel Shishikli March 26 he and Vigier apparently cleared up Shishikli's misunderstanding Israeli position and Shishikli corrected false impression intransigeance created by Syrian negotiators at last meeting. Summary preliminary information follows:

1. Syria wishes reach equitable agreement with Israel on frontier questions even if negotiations require number of months. (Shishikli expressed to Vigier his mystification at US action in recalling Colonel Taxis prior conclusion current talks.)
2. Shishikli asserted dispossessed Arab landowners whether or not living in zone should be compensated but not necessarily all through exchange of land. Shishikli proposed compensation be in form of exchange of all available land within zones then in Israel territory outside of zone along Huleh, with due regard for natural boundaries; landowners not receiving land under this formula should be compensated in cash. (Taxis estimates cash compensation would be required for roughly 6,000 donums Arab owned land after above exchanges. This is equivalent to holdings of two Arab families west of Jordan. He and Vigier hope secure Syrian-Israel agreement compensate all small landowners in land and these two large landowners in cash.)
3. Shishikli declared he did not seek "unlimited" irrigation rights but only confirmation of existing rights with right of either side to negotiate for increases of amounts of water needed in future. Neither party should unilaterally increase its use of Jordan waters.

Taxis and Vigier much encouraged by Shishikli's attitude and consider Israeli fears expressed Tel Aviv Embtel 1470, March 18 unfounded. Taxis hopes Embassy Tel Aviv will encourage Israelis continue negotiations in spirit compromise. He assumes Israeli religious holiday may delay next meeting until April 9 or later.

MOOSE

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[1] Repeated to Tel Aviv, Amman, Baghdad, Beirut, Cairo, Jidda, London, Moscow, Paris, and Jerusalem.

No. 590

357.AC/3-3053: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

SECRET AMMAN, March 30, 1953—1 p. m.

820. Prime Minister summoned me to his office March 30. Stated he understood that General Riley was not an American official but a United Nations official. Nevertheless, as he is an American citizen the complete lack of confidence in him now shared by Jordan, Egypt, Syria and Lebanon. The Arab states principally concerned and also by Iraq, might be considered to affect American interests adversely. He trusted that USG might by advice to United Nations or otherwise, bring about Riley's immediate recall.

Prime Minister said that no Jordanian official except those assigned to MAC would henceforth be permitted have any official dealings with Riley and that unless he were soon recalled Hashemite Kingdom of Jordan would prohibit his entering Jordan territory.

Prime Minister requested that I report his statements to my Government.

I said that I would comply with Prime Minister's request but reminded him of what he said at beginning, viz. that Riley was a United Nations and not a USG official.

GREEN

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[1] Repeated to Beirut, Cairo, Damascus, Jerusalem, Tel Aviv, Baghdad, Jidda, and Amman.

No. 591

262.84A41/4-153

Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria-Iraq Affairs (Funkhouser) [1]

SECRET WASHINGTON, April 1, 1953.

Subject: Syrian Ambassador's Representations Regarding German Reparations to Israel

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[1] This memorandum of conversation was sent to Secretary Dulles under cover of a memorandum of Apr. 3 by Byroade, which reads as follows:

"The Syrian Ambassador recently received a directive from his Government to place before you *personally* his government's views on the question of German reparations to Israel. Your schedule has been such that I told the Syrian Ambassador

Continued

Participants: Henry A. Byroade, Assistant Secretary for NEA
Dr. Farid Zeineddine, Ambassador of Syria
Richard Funkhouser—NE

Assistant Secretary Byroade expressed his regret that the pressure of work was such that the Secretary was not able to see the Syrian Ambassador at this moment, but he assured Zeineddine that he would personally carry to the Secretary all points which the Syrian Ambassador wished to make on behalf of his Government.

The Syrian Ambassador stated that he had been instructed by his Government to raise with the Secretary of State on an urgent basis the question of German reparations to Israel. He stated that his Government was unable to view these reparations the same way as did the Government of the United States, and he indicated that his Government did not have the same impression of the motives which prompted these reparations payments.

As his first point, Ambassador Zeineddine stated that the reparations payments to Israel were most substantial compared with the budgets of other countries in the Near East. The annual payments were, in fact, equal to the entire Syrian budget. His Government considered this as a matter of importance.

The Ambassador stated secondly that his Government was concerned with the list of materials which were reportedly being sent to Israel. His Government had noted that the bulk of these material shipments would fall under categories termed by the United States Government to be "strategic materials". Directly or indirectly, this, according to the Syrian Ambassador, would create an impressive military potential in Israel which would be of concern to his Government.

Thirdly, Ambassador Zeineddine stated that his Government was concerned that these payments would be made to a "group in Palestine which had never experienced in their majority any persecution from the Nazis". He listed numerically the Jewish population in Palestine before World War II, immigration of European Jews

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you would be unable to see him for some time and that I had been designated to receive his message on your behalf. The attached memorandum of conversation presents his points and the general lines of my reply. He and I have talked about this matter so often that I did not feel it necessary to cover all the factors involved.

"As the Ambassador was directed to see you I promised that I would bring this point to your attention as quickly as possible and that he would receive an official reply. I therefore feel committed to ask you to consider briefly the points he raised. If you agree with the general line of my reply I can give it to him again verbally as representing your position."

The following notation appears on Byroade's memorandum of Apr. 3: "Sec saw & approved per our phone conversation—6 April R[oderic] L. O'C[onnor]." (262.84A41/4-1553) who were escaping from persecution which the Ambassador considered in no way connected to the Nazis, and post-war immigrants who the Ambassador stated were in no way escaping Nazi persecution.

As his fourth point, the Ambassador stated the Syrian Government viewed with great concern the serious jeopardy to equilibrium in the Middle East which would follow from such an agreement, particularly one which recognized Israel as a state which represented world Jewry. The Ambassador stated that this "political aspect" was of "supreme importance" and felt that the German-Israel agreement thus became an "international problem rather than one which could be considered solely within Israel-German relationships".

Ambassador Zeineddine expressed his Government's view that the United States was in large part responsible for this agreement. Ambassador Zeineddine referred to the essential financial assistance which the United States was giving to Germany which in turn made it possible for Germany to pay reparations to Israel. He also mentioned that his Government considered that the United States had given direct support to those groups in Germany which favored the reparations agreement. The Ambassador's instructions concluded with a plea that the United States Government cooperate with the Syrian Government in "bringing about circumstances whereby German assistance would be channeled to those Jewish individuals directly affected by German persecution rather than go to Israel as a state representing world Jewry, and a state where such aid would be used not for the individual but directly or indirectly for the development of an economic and military potential which could be directed against Arab states". If such a position were acceptable to the United States Government the Syrian Government, according to the Ambassador, would hope to discuss ways and means to put such a plan into effect.

"Having fulfilled my Government's instructions", Ambassador Zeineddine stated, "I will now try to convince you of the fairness of our approach". He then discussed the fact that an Arab League meeting was to be held shortly at which time this subject would be considered. He also discussed the possibility of placing German reparations into a "pool" for those refugees who had individually suffered from the Nazi regime. He placed emphasis on what he considered an existing "moral relationship" between the German debt to the Jews and the Israeli debt to the Arabs. He conceded that, whereas the United States Government might not have the power of decision in this case, it was in a position to influence strongly both Germany and Israel. He hoped that the United States would be able to intercede with German authorities to postpone either the final promulgation of the agreement or at least its implementation until the above program could be fully studied. He stated that he had mentioned to the Director of Near Eastern Affairs his hope that such delay could at least take place until the Secretary of State completed his trip throughout the Middle East. He wondered if this question could not be discussed with Chancellor Adenauer during this forthcoming trip to Washington. He asked if the United States could not make an appointment for the Chiefs of Arab Missions to discuss these problems with Chancellor Adenauer during his stay in Washington. He felt that such a move, which he considered a small one, would be received most favorably among the states of the Middle East.

Assistant Secretary Byroade stated that he would bring these matters to the immediate attention of the Secretary of State. He stated that whereas he could not speak for the Secretary he would like to present his own views on several of the points made by the Syrian Ambassador. Mr. Byroade stated that many of the Ambassador's points were well taken. He agreed that there was a "moral" connection between the German Jewish refugee problem and the Israeli-Arab refugee problem. He stated that the problem which had occupied the major part of his attention in his work as Assistant Secretary of State for NEA was the devotion of his energies to finding ways to right the wrong done to the Arab refugees.

However, the Assistant Secretary stated that whereas he could find fault with some of the details in the current German-Israeli agreement, he felt such a move by the German people was as Adenauer had put it "good for the German soul". Mr. Byroade stated that he had come in close contact with the German problem in his previous position as Director of German Affairs and felt more encouraged by this gesture on the part of the West German people than perhaps any other single move they had made. He told Ambassador Zineddine that in Chancellor Adenauer the world possessed a great statesman and for the United States Government to make any moves which could be interpreted as opposing this Adenauer-backed agreement at this point could be used by Adenauer's enemies in Germany to undermine his position. Assistant Secretary Byroade stated that those elements in Germany which had opposed the reparations agreement unfortunately included all those elements about which the United States was worried for Germany's future. Mr. Byroade concluded by stating that rather than move backwards to block this reparations agreement, he believed it more proper and productive to devote all energies to righting the other wrong which had been done to the Palestine Arabs. Assistant Secretary Byroade was determined to pursue these efforts to a successful conclusion.[2]

The Syrian Ambassador stated that he appreciated the position of the United States Government in this problem and was promised the earliest possible official reply to his representations.

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[2] The following notation in the Secretary's handwriting appears in the margin of the source text opposite this paragraph: "OK J[ohn] F[oster] D[ulles]."

No. 592

974.5301/4–853

Memorandum of Conversation by the Officer in Charge of Palestine-Israel–Jordan Affairs (Waller)

SECRET [WASHINGTON,] April 8, 1953.

Subject:
1. Future status of the Suez Canal
2. Military aid to Israel
3. Prospects for Peace in the Near East
4. Transfer of Israel Foreign Ministry to Jerusalem

Participants:
NEA—Mr. Byroade
Israel Foreign Minister Moshe Sharett
Israel Ambassador Abba Eban
NE—Mr. Waller

After an exchange of courtesies Foreign Minister Sharett said that his Government would shortly send to the Department a written communication regarding the Suez Canal problem which would make two main points. These would concern Israel's interest in (1) the Suez Canal as an international waterway and (2) defense arrangements. The Foreign Minister said that Israel is an interested party since any changes in the present status of the Canal would directly affect Israel. He pointed out that it is one thing to have an important Western power exercising a moderating influence on Egypt's control in the Canal Zone but quite another matter to give the Egyptians control without any precautionary measures being taken to satisfy the rights of other states. He said that the removal of Egyptian restrictions and prohibitions on Canal traffic to and from Israel is no longer considered by the Israel Government as an act of grace on the part of Egypt but a matter of right.

Mr. Byroade said that on this matter he could reassure the Foreign Minister because we also are of the opinion that the restrictions and prohibitions should be removed. He said that for us the Suez question is one of defense of the area and of the assurance to be obtained from Egypt to guarantee that the waterway will remain international. Mr. Byroade said that we are fully aware that the Suez Canal affects not only the United States but also the French position in Indo-China, the British, Israel and other states. However, we believe it preferable for the Egyptians and British to reach an agreement before we go to work to get the boycott lifted against Israel. Both the British and French have asked us to participate formally in tripartite talks on the Canal question but we have thus far refused because of the possibility of a leak. It would not help the negotiations with Egypt if Egypt should learn that representatives of the United States, Britain and France were sitting in Washington discussing the future status of the Suez Canal. Nevertheless we want to sit down with the British and French and have secret low level talks with them about the problem.

Mr. Byroade referred to the Constantinople Convention of 1888 pertaining to the Suez Canal and pointed out that the Soviet Union is a signatory but that the United States is not. One of the facets of the problem is the suggestion recently made to the French by the Egyptian Ambassador in Paris that Israel become a signatory to the Convention. He was unable to say whether the Egyptian Ambassador was speaking officially or unofficially but since the suggestion was being made to the French Government the French assumed it was an official approach. Mr. Byroade said that from our point of view the Suez Canal must remain international but that in any event Israel's interest would be kept in mind.

Mr. Sharett endeavored to point out the great gain which would fall to Egypt if the British evacuate the Canal Zone but Mr. Byroade said that he was not at all sure what, if anything, Egypt would gain. He continued by saying that although our position is not very far from the British position we do disagree with the British on tactics. The British want written commitments from Egypt before evacuating the Canal Zone; the Egyptians say that the British must evacuate the Canal Zone as a matter of right and that they will not buy British evacuation. Each side has stated its position publicly and it is therefore difficult to reconcile the two points of view. Perhaps a little secret diplomacy is needed. As matters stand at the moment the Egyptians have offered to talk with the British without an agenda and without any signed commitments; to talk with the British informally to see whether an agreement would be possible on a formal basis. Mr. Byroade said that he felt sure that the Egyptians would be sensible and agree to talk of other items but that in the meantime there is danger that the recently concluded Sudan Agreement might come unstuck.

Ambassador Eban said that Mr. Byroade's remarks raise the question whether General Naguib is preparing to identify Egypt with the West. He said that there had been nothing in the Egyptian press to prepare the Egyptian public for such a policy. Mr. Byroade replied that since it would take perhaps a year and a half for the British to evacuate some 80,000 troops from the Canal Zone there appeared to be time to prepare the Egyptian public for any change in policy that might be decided. Foreign Minister Sharett suggested that the United States could be more flexible in pursuing its objectives with Egypt as Turkey would undoubtedly support the United States. Mr. Byroade replied that he is more interested in seeing the atmosphere prepared for regional defense rather than to obtain formal signatures to a particular document.

2. The Foreign Minister said that the second part of Israel's concern pertains to military aid. He said he understood that grant military aid had not been forthcoming because the United States has been hamstrung by "an elusive 10 percent". (The statement referred to a provision in the Mutual Security Act to the effect that the President could under certain circumstances divert to other countries of the Middle East 10 percent of the funds authorized for military aid to Greece, Turkey and Iran.) Mr. Byroade said that the Department is attempting to correct that situation by asking Congress to authorize funds without the 10 percent provision. The Foreign Minister said he was glad to have this information and continued by suggesting that the United States take the lead now in starting preparations for the defense of the Middle East. Mr. Byroade expressed the view that the defense of Israel and the Near East was in the mountains north and east of Israel rather than in the Galilee area of Israel and asked whether the Foreign Minister believed that open coordination of defense plans with Turkey and Israel would inspire the other Near East states to cooperate. Ambassador Eban stated that in his opinion open United States support of Israel in defense arrangements would stimulate the Arab states to ask the United States for a similar arrangement with them. He pointed out that this has already happened in the economic field. The Foreign Minister took up the point by saying that intelligence reports show an alarming increase in the military strength of the Arab world. Whether the Arabs could combine was a matter of opinion but the Arab states continue to attack Israel and although the Arabs were defeated they have probably learned by their experiences and in any event have continued to proclaim the inevitability of a "second round". Thus it appears to be very difficult to change their hearts so far as Israel is concerned.

3. Mr. Byroade said that peace is the question uppermost in the Secretary's mind and the problem was how to achieve it. The Foreign Minister said that for Israel the question was vital.

Mr. Byroade recalled that several weeks ago he had asked Ambassador Eban to think about the maximum price that Israel would be willing to pay for peace and was repeating the question to the Foreign Minister—not that he wished to be informed of the conditions himself but so that the Israel Government would have its thoughts clarified and ready when the time to negotiate arrives. The Foreign Minister replied that if there is to be peace it must be between the Arab states as they now are and Israel as she now is. Mr. Byroade asked whether this reply meant that Israel would make no territorial concessions and the Foreign Minister replied that Israel would be willing to make certain adjustments in the Latrun and perhaps another border area or so, but asked to whom territorial concessions should be made and why. He said that Jordan has grabbed Arab Palestine and none of the Arab states has suffered any loss of territory. To make territorial concessions to the Arabs would not bring about peace but would on the contrary whet the Arabs' appetite for more territory. Mr. Byroade pointed out that some of Israel's present territory was acquired by force of arms but the Foreign Minister explained that the territory Israel now holds beyond what was contemplated in the United Nations Partition Resolution of 1947 was obtained because the Arab states refused to accept the partition plan and invaded Palestine to attack the Jews. Territory can only be taken away from Israel by force of arms, the Foreign Minister added.

Mr. Byroade suggested that since neither Israel nor the Arab states appeared willing to devise a plan for peace the United States might have to make its own plan—and it was probable that neither side would like it. Foreign Minister Sharett said that he wished to warn anyone devising a plan which included depriving Israel of territory that the plan would have to include the sending of a military force to support it. Ambassador Eban dwelt at some length on the large areas already held by the Arab states and the comparatively small area of the State of Israel. The Foreign Minister then added that considering territorial changes in the concept being discussed would mean that Israel must immediately stake out claims to land in the Arab states in order to be in a bargaining position if for no other reason.

The Foreign Minister referred to the refugees and asked where they should be settled and who would pay for it. He said that the ability of the Israel Government to pay was dependent on the lifting of the Arab boycott.

Mr. Byroade asked whether his understanding of Israel's position as enunciated by the Foreign Minister means Israel would make no territorial concessions and that the refugees must all be settled elsewhere than in Israel. The Foreign Minister replied "definitely".

Mr. Byroade then asked whether the Foreign Minister would suggest that the United States put in troops to enforce Israel's decisions and the Foreign Minister replied that in the event of a conflict Israel could undoubtedly hold out as long as the Arab states. Mr. Byroade next asked whether it was the Foreign Minister's opinion that the United States should pay for everything. The Foreign Minister recalled that he had already said that if the boycott were lifted it would enable Israel to earmark funds to pay compensation to the refugees, or, should a special loan be raised for this purpose, Israel would with funds derived from the lifting of the boycott repay the loan over a period of time. Mr. Byroade said he does not see how peace can be achieved unless Israel makes some gesture to Arab public opinion and that he had hoped the Foreign Minister would be able to suggest something. The Foreign Minister said that he had one thing which was being held very confidentially, namely, that the Israel Government would be willing to provide an arrangement for a free passage across southern Israel to connect Egypt with Jordan. Mr. Byroade asked whether Israel would agree to accept a certain number of refugees but the Foreign Minister replied that to do so would only open up the whole refugee question and would encourage in the refugees a hope which could not materialize. Mr. Byroade said that he understood that very few refugees would wish to return to Israel. What he was really looking for, he said, was a gesture on the part of Israel which would make the next move up to the Arabs. He asked what suggestion the Foreign Minister had that the United States could use to promote peace. Mr. Sharett replied that the United States could point out to the Arabs that they are pursuing a suicidal policy. Mr. Byroade wondered how to get the Arabs away from such a policy and suggested that even the use of United States troops would not accomplish it. The Foreign Minister said that Israel would put up with her present boundaries, would grant facilities for passage between Egypt and Jordan so as to eliminate the isolation of one part of the Arab world from the other, would grant free port facilities at Haifa for the use of Jordan and other Arab states, and would agree to an international water system under international control.

The Foreign Minister stated that the Arabs had made a serious error in not accepting the United Nations Partition Resolution of 1947. Had they done so the present difficulties would not be with us. However, it is not possible to take a sponge and wipe out history, we must go on from here. He said that Egyptian Foreign Minister Fawzi recently told Dr. Ralph Bunche that some accommodation with Israel must inevitably come. Fawzi mentioned the question of compensation, resettlement of refugees (note: not repatriation), territorial contiguity of the Arab states to be provided by a passage between Egypt and Jordan, and some arrangement for Jerusalem. Dr. Bunche pointed out to Foreign Minister Fawzi that Jordan would object to any territorial internationalization of Jerusalem and Fawzi then dropped this point Foreign Minister Sharett said that on learning the foregoing he had asked Dr. Bunche to tell Foreign Minister Fawzi that Israel is agreeable to the agenda and that the question of passage could be brought up to Egypt at the time of any discussion between Egyptians and Israel representatives. The Israel Government believes that if an agreement can be reached with Egypt agreements with other Arab states will follow.

Mr. Byroade emphasized that the Administration at the present time has no plan for peace in the Middle East and that his talk with the Foreign Minister today was just an exchange of ideas. Rumors to the effect that the Secretary has a plan which he hopes to sell to the Near East states are simply not true, he added. It may be necessary for the United States to formulate a plan because it is in our interest that peaceful conditions return to the Near East and with us that is a primary objective. However, it is unlikely that our policies will be formalized until after the Secretary returns from his trip.

4. The Foreign Minister said his Government is interested in the question of Jerusalem—not the internationalization of the city but in the transfer of Israel's Foreign Ministry to Jerusalem. He said that the United States and Israel had in the past supported the same plan for the internationalization of Jerusalem and he hoped we would work together in the future. In any event this is not a present problem. He said that as Foreign Minister, he was greatly concerned by our recent representations to the effect that the Foreign Ministry must not be moved to Jerusalem. He said that the Foreign Ministry being separated from the other ministries of the government, which are all in Jerusalem, results in the Foreign Ministry losing its grip on the conduct of foreign relations and his office loses contact with other ministries also interested in foreign relations. He pointed out that Israel has always held that Jerusalem is its capital and, following representations made by the United States and other governments to the Government of Israel last July, delayed moving the Foreign Ministry in order to permit the United Nations General Assembly to have another opportunity to determine the status of Jerusalem. That opportunity was not taken and so the Israel Government has been proceeding with plans to transfer to Jerusalem the Foreign Ministry where all other parts of the Government are already assembled including the President, the Knesset and the other ministries. He said, in addition, that the diplomatic corps, being in Tel Aviv, loses contact with the Government, which is in Jerusalem. Since it appears that

the United Nations does not contemplate any action and, according to his information, the Vatican is not interested, plans were made to move the Foreign Ministry the end of May or early June of this year. The Foreign Minister said that if he were faced with a clear-cut choice of choosing between being near his Government or being near the diplomatic missions his choice of necessity would have to be the former. He said he was not urging the United States to move its diplomatic mission to Jerusalem, although he hoped it would be done, but what the Israel Government did want was for the United States to discontinue urging Israel not to move its Foreign Ministry to Jerusalem. Mr. Byroade replied that he realized the Israel Government has a real problem; that many years from now Sharett would agree with him that the Jews had made a mistake in making Jerusalem their capital; and that he could not give him any hope that our feeling regarding the Israel Foreign Office would change.

No. 593

684A.85/4-1153: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, April 11, 1953—noon.

1566. Director General Foreign Ministry Eytan raised with me yesterday morning situation on Israel–Jordan border, stating that Israel Government "seriously worried". Was strongly critical of De Ridder's refusal call emergency MAC meeting on Kfar Hess killing (Embassy telegram 1550). [2] Argued that MAC agenda now clogged, that purpose of emergency meeting is enable MAC isolate serious incidents and that latest decision De Ridder bound to encourage people responsible for killing. Saw possible first indication of latter in machine gun wounding of woman and 21 year old son in same area night of April 8. He mentioned that last two incidents had taken place in particularly delicate area and stated that under present circumstances Israel had no idea what, if anything, Jordan doing to stop this nor "any guaranty" same thing would not happen again. Concluded by saying that he did not know whether purpose was "merely maintain tension on border" or provoke retaliation, but hoped means could be found discourage such activity.

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[1] Repeated to Amman and Jerusalem.

[2] Telegram 1550 from Tel Aviv, Apr. 8, reported details of the Israeli Government's report of the killing on the night of Apr. 5 of two 18-year-old soldiers between Kfar Hess and Tel Mond, well within Israeli territory. In a conversation with Ambassador Davis, Bendor, Director of the United States Division of the Israeli Foreign Ministry, referred to other border incidents of the last 2 months, and recalled Davis' conversation of Feb. 19 with Sharett (see telegram 1348 from Tel Aviv, Document 573). Bendor repeated that Israel would welcome advice on how to protect lives and property " 'without fighting back,' " and requested that the United States impress on Jordan the need for keeping peace and controlling infiltration. The Embassy understood that similar approaches had been made to British, French, and Turkish representatives. (684A.85/4-853)

Comment: Fact that Israel Government despite general uneasiness over recent incidents (Embassy telegram 1562)[3] has apparently replaced reprisal policy with approach to western powers is step forward. To encourage this change Department may wish again to call attention of Jordan Government to fact that our insistence that Israel not pursue policy of reprisals implies Jordan responsibility take effective measures combat infiltration. *End comment.*

RUSSELL

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[3] Telegram 1562 from Tel Aviv, Apr. 10, summarized Israeli press comment on the subject of recent border infiltration (684A.85/4-1053).

No. 594

684A.85/4-1453: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

CONFIDENTIAL AMMAN, April 14, 1953—8 a. m.

866. Re Tel Aviv Embtels 1550,[2] 1560,[3] 1566.[4] Embassy concerned over tension developing in Israel over alleged deterioration of border situation. As indicated Embtel 785[5] Arab Legion believes Israel exaggerating and falsifying specific cases of Arab infiltration for some ulterior motive. It claims border is quieter at present than at any time since the local commanders agreement was denounced by Israel last January.

Legion questions whether murder of two Israeli soldiers night April 5 was committed by Arab infiltrators. "Footprints to Jordan border" hardly considered sound evidence, particularly since Qalqilia area built up and densely populated. Support given this view by fact that MAC investigations found insufficient evidence to establish Jordanian guilt.

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[1] Repeated to Jerusalem, Tel Aviv, London, Beirut, Damascus, and Baghdad.

[2] Not printed, but see footnote 2, *supra*.

[3] Telegram 1560 from Tel Aviv, Apr. 10, reported that ceremonies to which members of the diplomatic corps would be invited in connection with Israel's Independence Day included a President's reception in Jerusalem and a reception at Hakirya on Apr. 21. Chargé Russell and his British colleague agreed that they would not attend the Jerusalem reception, but Russell was inclined to send another officer of the Embassy in view of the Israeli Government's Hakirya gesture. (884A.424/4-1053)

[4] *Supra*.

[5] Not printed.

While Embassy realizes that conflicting views regarding border incidents are inevitable, it has found Arab Legion intelligence reports restrained and on the whole accurate in the past. Present state of publicity on border situation in Israeli press, with some articles apparently complete distortions of facts, seems follow an unpleasantly familiar pattern (Embtels 569 [6] and 594). [7] Embassy does not believe that there is any deliberate terrorism by dispossessed Arabs. There is too much evidence to contrary. Jordan Government believed sincerely desirous peaceful border and to be making real effort curb infiltration (Embtel 642 [8]) and eliminate sources of tension. Jordan does not have anything to gain by "maintaining tension on border" or "provoking retaliation" (Tel Aviv 1566).

While Embassy does not expect Israeli armed military attacks such as occurred in January and February after similar press campaign, it is apprehensive over what may be developing. Embassy wonders whether present Israel allegations that border situation has worsened do not again aim at demonstrating Arab misuse of arms and thus inadvisability of arms aid to Arab States. Perhaps principal Israeli fear is now of United States arms aid to Egypt.

LYNCH

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[6] Not printed.

[7] Document 548.

[8] Document 556.

No. 595

684A.85/4-853: Telegram

The Acting Secretary of State to the Embassy in Jordan [1]

CONFIDENTIAL WASHINGTON, April 14, 1953—6:57 p. m.

814. Ref Tel Aviv tels 1550 [2] and 1566 [3] both repeated Amman as 165 and Jerusalem as 135 and 138.

1. Jerusalem should inform General Riley for his information substance of Tel Aviv tel 1566 along with comment that DeRidder's alleged refusal call emergency MAC meeting prejudices US supporting efforts to have Jordan and Israel endeavor settle disputes through UN procedures and machinery.

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[1] Repeated to Tel Aviv and Jerusalem.

[2] Not printed, but see footnote 2, Document 593.

[3] Document 593.

2. Amman should again discuss infiltration situation with HKJ and report what further measures HKJ can take to continue improvement in border situation by preventing infiltration from Jordan into Israel.

3. Tel Aviv should inform IG in reply its request for advice (Tel Aviv 1550) that US Government believes Israel should settle difference with neighbors by fullest use of UN machinery and procedures.

4. Tel Aviv and Amman should report status Jordan–Israel border talks (ref Tel Aviv tel 1515 repeated Amman as 162).[4]

SMITH

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[4] Telegram 1515 from Tel Aviv, Mar. 26, stated that a representative of the Israeli Foreign Ministry had reported that the Israel-Jordan meeting originally scheduled for Mar. 30 was held Mar. 25. It was said to have been a short meeting, at which Colonel Gaon, in accordance with the previous request of Nashishibi, submitted a memorandum on Israel's anti-infiltration suggestions. The understanding was that the Jordanian Government's reaction was to be given to Vigier. (684A.85/3-2653)

No. 596

674.853/4-2253

Memorandum of Conversation, by the Officer in Charge of Palestine–Israel–Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] April 22, 1953.

Subject:
1. Border problems with Jordan and Egypt.
2. Israel note of April 14 regarding Suez Base negotiations.[1]

Participants:
NEA—Mr. Byroade
Israel Ambassador Abba Eban
Col. Vivian Herzog—Defense Attaché
NE—Mr. Waller

Ambassador Eban, at his request, accompanied by Col. Herzog, called on Mr. Byroade this afternoon at 3 o'clock regarding the two subjects listed above.

1. The Ambassador read from a paper entitled "Notes on border incidents along the Israel Frontier" and presented a copy which is reproduced as an enclosure to this memorandum.[2]

The Ambassador was asked for clarification of paragraph 14 regarding the murder in Jerusalem April 20 of a rabbinical student and his niece, reportedly American citizens, as our information in-

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[1] Not printed; for documentation on this subject, see Documents 592 ff.

[2] Below.

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dicated the murder was committed by "thieves" which would open the possibility of the perpetrators having been Israelis rather than "Arab infiltrators" as the Ambassador reported. He was also asked to amplify the information in paragraph 10 regarding the killing of two Israeli watchmen near Nevo-Botar, since Jordan authorities claimed the watchmen were killed in Jordan territory. The Ambassador replied that he was providing information furnished him by his Government and he therefore believed it to be accurate.

Mr. Byroade replied that whereas we were not in a position to determine the responsibility for the incidents, he nevertheless agreed with the principles stated and we would look into the matter to see what could be done. The Amb. said similar representations were being made by his colleagues in London and Paris.

2. Regarding the scheduled UK-Egyptian talks about the Suez Base problems, the Ambassador stated his Government in its note of April 14 (see memo April 14 reporting conversation between Israel Minister Goitein and Mr. Jernegan)[3] had not meant to imply that Israel should become an official party to the negotiations. The Israel Government fears that decisions may be taken affecting Israel's interests which might be made known to Israel as accomplished facts. Israel wishes to be consulted in advance on vital matters.

Mr. Byroade replied that as a practical matter he foresaw no difficulty as Israel's interests would be kept very much in mind and we may want Israel's advice at certain points. He made it clear, however, that he could not undertake to advise the Israel Government officially concerning the negotiations as the United States is not scheduled to participate. When the Ambassador suggested that, after a certain momentum has been reached in the negotiations, there might appear a "golden moment" for the question of Arab-Israel peace to be brought up, Mr. Byroade said he could see no way to inject this problem into the negotiations. He added that a more appropriate moment might be when the Secretary talks privately with General Naguib during the Secretary's Near East trip, which he believed would be done.

The Ambassador expressed the opinion that General Naguib is at the parting of the ways. He must either go forward or fall by the wayside. Mr. Byroade said he agreed and that this is causing him considerable concern. The Israel question is a tough one for General Naguib—the next step toward its solution appears to be a personal talk to General Naguib by the Secretary.

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[3] Not printed.

[Enclosure]

The Israeli Embassy to the Department of State

NOTES ON BORDER INCIDENTS ALONG THE ISRAEL FRONTIER

1. The continuous tension along the Israel border and in particular along the Jordan and Egyptian frontiers is a direct result of unrestrained infiltration by Arab marauders, against which no preventive measures have been taken by the respective Arab Governments.

2. On February 9th, 1953, the Commander in Chief of the Arab Legion, Major General Glubb Pasha is reported by the Near East Broadcasting Services, to have stated in a speech that:

> "Arab infiltration to Israel is the cause of tension in the border area . . ."

3. The situation along the Egyptian and particularly along the Jordan border may be compared with that of comparative peace and calm prevailing along the borders of Syria and Lebanon, where the authorities of both countries have apparently determined to control and successfully prevent outbreaks such as have occurred along other sections of Israel's borders. The comparative quiet along these borders invites certain conclusions, in regard to the less tranquil borders with Jordan and Egypt.

4. In the year 1952 Arab marauding created 3,714 incidents along the Israel border. These incidents included 874 cases of theft, 43 cases of robbery with violence, 1,395 cases of attempts to steal and some 395 attacks on the Israel Defense Forces. As a result of these incidents in the course of the year, Israel sustained losses amounting to 59 killed, 74 wounded and 35 prisoners and approximately $3,000,000 worth of damage to facilities and installations, the replacement of which will cost foreign currency.

5. In January 1953, 295 incidents occurred along the Israel border, including 159 cases of theft and 39 attacks on the Israel Defense Forces. Israel's losses for that month included 2 killed, 21 wounded and 7 prisoners and approximately $150,000 worth of material damage.

6. In February 1953, 384 border incidents were reported, including 220 cases of theft and losses included 2 killed, 4 wounded, 6 prisoners and approximately $120,000 worth of material damage.

7. In view of the persistent occurrence of grave and serious incidents along the Jordan border, the Government of Israel submitted on March 25, 1953 to the Jordan Government, through the Mixed Armistice Commission a list of proposals, which in the view of the Government of Israel, would assist in combating infiltration and

reducing tension along the borders. No action has been taken by Jordan on this proposal, a copy of which is attached herewith.

8. On the contrary, the situation has rapidly deteriorated from one in which the violence and acts of sabotage were carried out by infiltrators, marauders and saboteurs to one in which the Armed Forces of Egypt and Jordan openly commit acts of aggression against the State of Israel.

9. The Government of Israel now wishes to draw attention to several very serious incidents which have arisen in recent days.

10. On April 17, 1953, four Jewish watchmen 1,000 feet within Israel territory near Nevo-Botar, were fired on by Jordan National Guardsmen; two were hit and were dragged over the border. Their dead bodies were returned on April 19.

11. On April 18, a Jewish woman on a housetop in Jerusalem, some 50 feet from the Old City Wall, was killed by a single shot fired by an Arab Legionnaire on the Wall. The Legionnaire on the Old City Wall denied access to civilians and police to the roof in order to retrieve the body, by threat of force. The body was later removed by United Nations observers.

12. On April 18, a group of infiltrators was encountered by an Israel police patrol in the center of Jerusalem. After an exchange of fire, the infiltrators departed leaving one dead dressed in military uniform.

13. On April 19, Arab Legion soldiers opened fire on the house referred to in paragraph 11, in which the murder of a Jewish woman took place on April 18.

14. On April 20, Arab infiltrators broke into an apartment in Kiryat Moshe in Jerusalem and murdered a rabbinical student and his niece, both United States citizens; the former, a resident of Jerusalem, and the latter, a tourist. The request of the Israel representative to the Mixed Armistice Commission to call an emergency meeting was rejected by the Chairman of the Jordan–Israel Mixed Armistice Commission.

15. On April 20, an Israel patrol encountered 50 armed Jordanians in the area of Beit Jibrin, some 600 feet within the Israel border. An exchange of fire continued for a number of hours before the Arabs withdrew across the border.

16. On April 17, an Egyptian Naval frigate encountered five Israel fishing boats on the high seas, 25 kilometers west of the Gaza Strip. The boats were first ordered to leave the area, then fired upon and ordered to halt. They were boarded by Egyptian Naval personnel who later returned to their frigate.

17. This Egyptian attack is a flagrant violation of the Israel-Egyptian Armistice Agreement, and of the United Nations Security Council Resolution of September 1, 1951, which specifically denies

the right of search and visit of vessels of one country by the forces of the other country. This incident can be attributed, in part, to the failure of the major powers to enforce the aforementioned Security Council Resolution.

18. On February 16, 1953, following a series of incidents along the Israel–Jordan border, the Government of the United States indicated that it regarded retaliatory raids to be a grave danger to the stability of the region and councelled the Government of Israel to have recourse in all cases to United Nations machinery.

The Egyptian aggression has been declared by Arab sources to be a retaliatory act, and in consequence the United States *Aide-Mémoire* to Israel on February 16 pointing out that it considers retaliatory raids to be a grave danger to the stability of the region, is most applicable.

19. Since the receipt of the aforementioned *Aide-Mémoire* from the United States Government, a series of crimes has been perpetrated along the border by Arab infiltrators and by Arab Armed Forces. Israel, as always, has endeavored to have full recourse to United Nations machinery. This recourse has been denied to Israel on a number of occasions when the Chairman of the Israel–Jordan Truce Commission refused to convene an emergency meeting, and indeed the use of United Nations machinery has not shown any results or brought about any form of improvement.

20. It is submitted that the Mixed Armistice enforcement machinery has been considerably weakened by the fact that the Arab countries have apparently reached the conclusion that the major powers fail to appreciate the real responsibility and causes for the border incidents. It is felt that the real failure is that of the major powers and their failure to insist on the strengthening of the United Nations machinery and unequivocal compliance by all parties with Security Council Resolutions and Mixed Armistice Commission decisions.[4]

APRIL 22, 1953.

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[4] Also attached to the memorandum of conversation of Apr. 22, but not printed, is a paper entitled "Proposed Measures Against Infiltration Submitted by the Senior Israeli Delegate to the Senior Delegate of the Hashemite-Jordan Kingdom," dated Mar. 25.

No. 597

684A.85/4-2353: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

CONFIDENTIAL NIACT AMMAN, April 23, 1953—noon.

899. The unpleasantly familiar pattern of exaggeration and distortion by Israeli press of recent border incidents led the Hashimite Kingdom of the Jordan to fear that the culmination would be an attack by Israel (see Embtel 866, April 14 expressing apprehension over what was developing). The attack has now taken place. At 5 p.m. April 22 rifle fire was directed from several points in Jerusalem area against Arab Legion posts and any soldiers or civilians within sight. Firing lasted until 6 p.m., was renewed April 23 at dawn. Casualties reported by Arab Legion: Military, 4 killed, 3 wounded; civilians, 2 killed, 9 wounded.

It is assumed Consulate General Jerusalem will telegraph details.

Embassy in receipt of note dated April 23 from Minister Foreign Affairs in part as follows (translation):

> "The Minister of Foreign Affairs of the Hashimite Kingdom of the Jordan presents its compliments to the American Embassy and has the honor to inform it that the Israeli Forces fired from various points in Jerusalem at soldiers of the Arab Legion, at Jordan Security Forces, and at civilians, beginning at 5 p. m. Wednesday, April 23 without provocation and without justification.—This action constitutes a flagrant breach of the Armistice Agreement and is considered a treacherous aggressive action.
>
> "It was observed before the firing that a signal was given after which the civilian population in the Jewish zone disappeared. It is understood that the Jews carried out a rehearsal a few days ago when the same signal was given and civilian population of the Jewish zone disappeared from the front-line areas. This proves, very clearly, that the above-mentioned aggression was an organized and arranged military operation, the purpose and intention of which was to attack Jordan territory with flagrant treachery. This operation greatly resembles the Jewish aggressions against Falama and Rantis.
>
> "As the United States of America is a party to the tripartite declaration, the Jordan Government appeals to it to take the necessary measures to guarantee the stopping of these treacherous aggressive actions which threaten and endanger peace and security in this part of the world etc."

GREEN

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[1] Repeated to Jerusalem, London, Paris, Baghdad, Tel Aviv, Cairo, Beirut, and Damascus.

No. 598

684A.85/4-2353: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

RESTRICTED NIACT AMMAN, April 23, 1953—1 p. m.

900. On occasion reception to Diplomatic Corps at Palace April 23 King, in conversation with me, spoke with deep emotion of Israeli attack at Jerusalem. I said that some months ago in similar circumstances I had counselled Prime Minister to exercise patience of Job and that I thought that the counsel was wise in present circumstances. King replied that he did not know how long restraint and forebearance could govern action of people attacked as inhabitants and Arab Legion outposts at Jerusalem had been April 22 and 23.

After conversation with King, Prime Minister asked my British colleague and me to accompany him to his office in Palace. Minister of Defense acted as interpreter. Prime Minister addressed us formally, emphasizing flagrancy of attacks, stating that if firing continued Arab Legion would necessarily reply and that there was grave possibility that full scale military operations might result. He specifically invoked tripartite declaration and called upon us to urge upon our governments that they take action to bring an end to Israeli aggression without delay.

Prime Minister then turned to British Ambassador and invoked Treaty of Alliance asking him to request his government to consider means of implementation. He said that if firing continued he would in next few days ask British Ambassador to see him to discuss joint action to put an end to aggression.

Prime Minister said that Hashimite Kingdom of the Jordan was looking forward to Secretary's visit with intention of discussing with him possible settlement with Israel but that military aggression of yesterday and today exacerbated feelings of the people and made possibility of settlement more remote.

British Ambassador and I replied in almost identical terms saying that we viewed situation with great seriousness, that we had already reported to our respective governments and would report substance of this conversation.

I then expressed strong hope that Hashimite Kingdom of the Jordan would exercise moderation and restraint even in this difficult situation. To that suggestion Prime Minister replied very much as King had replied earlier.

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[1] Repeated to Jerusalem, London, Paris, Baghdad, Tel Aviv, Cairo, Beirut, and Damascus.

Prime Minister stated that he proposed to summon French Chargé and say to him approximately what he had said to us.

At diplomatic reception I discussed situation with my British and Turk colleagues and found that both of them agreed with me that recent border incidents had been systematically exaggerated by Israelis in press and over radio in order to build up apparent justification for large-scale aggression against Jordan.[2]

GREEN

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[2] In response to this telegram, the Department stated on Apr. 24 that it was awaiting reports fixing responsibility for the attack before determining what action, if any, might be appropriate. (Telegram 856 to Amman, Apr. 24, 7:25 p. m.; 684A.85/4-2353)

No. 599

684A.85/4-2453: Telegram

The Consul at Jerusalem (Tyler) to the Department of State[1]

SECRET PRIORITY JERUSALEM, April 24, 1953—8 p. m.

142. Exchange of fire in Jerusalem on 22nd between armed forces Jordan and Israel most grimly serious threat to peace between two countries since armistice signed. UN not able to determine who fired first shot. Both sides agreed yesterday not to fire in Jerusalem area even if fired at unless an all-out attack was in progress. But after this meeting (Contel 139, April 23)[2] three shots were fired from Israel side. Lt. Col. Gaon immediately visited lines and came back shaken. He had found, he told General Riley, the shots came from civilians who had installed themselves in house in no man's land about 200 yards from American Consulate on Arab side. All police and army posts had been quiet.

One of civilians has been captured, the name of a second known and although Gaon was not explicit he fears a gang is abroad in Israel–Jerusalem. Whether terrorist, Herut revisionist, all matters for speculation, but this may go far to explain hitherto unexplained murders blamed on infiltrators (mytel 141, April 24).[2] It may be they who started shooting on 22nd with intent to start larger armed action.

If there does prove to be a gang intent on getting Israel to war with neighbors, made easier by Israel's too often repeated cry of

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[1] Repeated priority to Tel Aviv, Amman, Beirut, Cairo, Damascus, London, and Paris.

[2] Not printed.

"infiltrators", and Israel sincerely desires peace she could go far toward that goal by giving Arabs an apology. Such a boost to Arab morale would have far-reaching repercussions [garble] think they would be good. In any event Israel would gain stature in Western World and it would not be sign of weakness. She has shown her belligerence too often.

TYLER

No. 600

684A.85/4-2853: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, April 28, 1953—6:58 p. m.

962. Re recent Jordan-Israel border incidents.

1. Department informed British Government has instructed British representatives Amman and Tel Aviv to inform respective governments along following lines:

a. To Israel British expressed concern at Israel's uncooperative attitude towards UN authorities and at lack restraint their armed forces. Urged Israel Government to agree to revival local commanders, agreement, to cooperate with UN officials in investigation recent incidents, and to moderate publicity.

b. To Jordan British noted HKJ intends to refrain from provocative action and wants to reach eventual agreement with Israel. Urged HKJ to cooperate with MAC and make constructive reply to Israel memorandum (apparently of March 25 via MAC).

c. Both Israel Government and HKJ urged to enter into high level discussions on whole border problem.

2. British and French stand on Tripartite Declaration but French at least do not consider it has been invoked. Department preliminarily considers declaration inapplicable in recent incidents in absence evidence either side preparing to violate frontiers or armistice lines. MAC report awaited to clarify this point.

3. British informed Department Israel refused MAC access to six wounded Israelis. If confirmed, Tel Aviv should inform IG failure to cooperate with UN will raise doubt on validity Israel claims.

4. Tel Aviv and Amman should urge acceptence UN proposal for high level talks on border problems.

5. Comment requested on suggestion that three separate Jordan-Israel MACs be set up one for Jerusalem area and one each for northern and southern areas. Idea would be to make UN machin-

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[1] Repeated to Amman as telegram 873, to Jerusalem as 59, and by pouch to London, Paris, Cairo, Baghdad, Beirut, Damascus, and Jidda.

ery more effective by making possible prompt effective investigations and decisions on armistice violations not now possible by the single MAC because of great number incidents demanding its attention. This would, of course, probably involve increase in number of UN observers.

DULLES

No. 601

684A.85/5-153: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, May 1, 1953—5 p. m.

1688. I informed Director General Foreign Ministry Eytan yesterday of our views on proposal for high level talks on border problems (point 4, Department telegram 962). [2] He voiced Israel Government's warm support.

Re point 3, reference telegram Eytan categorically denied that MAC had been refused access to six wounded Israelis saying in fact no such request had been made. Gave assurances that if request made Israel will accede immediately.

While setting up three separate Jordan-Israel MACs (point 5 reference telegram) would not solve problem of infiltration it would:

(1) Reduce delays due to clogging of MAC machinery;

(2) Bring more observers into the field presumably closer to scene of incidents;

(3) Demonstrate the UN far from taking seriously attempts to discredit MACs is determined support and strengthen them.

Decision would, of course, presuppose ability and willingness both parties spare competent personnel for MAC duty, and would be constructive contribution only if additional UN observers were carefully selected with eye to special problems in area. Plan might involve in addition to increase in number of UN observers, individual chairman for each new MAC.

RUSSELL

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[1] Repeated to Amman, Jerusalem, London, Paris, Cairo, Beirut, Damascus, Baghdad, and Jidda.

[2] *Supra.*

No. 602

684A.85/5-553: Telegram

The Ambassador in Jordan (Green) to the Department of State [1]

SECRET AMMAN, May 5, 1953—1 p. m.

934. Deptel 873, paragraph 5.[2] Although the setting up of three MAC's might expedite investigations at times when several border incidents occur more or less simultaneously, disadvantages of such fragmentation of present organization would seem to outweigh advantages. Principal disadvantages would be (1) probability of decisions based on conflicting principles with resulting confusion and (2) difficulty HKJ would encounter in finding three competent men willing to undertake distasteful and unpopular duties required.

It is suggested that if any change of organization is to be made it should await arrival of successor to General Riley and be based upon his suggestions. Any suggestions for reorganization would have to be carried out by agreement between HKJ and Israeli Government (see Jerusalem's 147).[3]

Embassy is not familiar with details of MAC organization but it is my impression that what is needed is not so much reorganization as (1) improvement of quality of observers and (2) more effective cooperation between HKJ and Israel Government by means of restoration of local commander's agreements.

One of the principal weaknesses of MAC is that its decisions are not published. That enables both sides to give out fragmentary and in some cases distorted versions of MAC action. I strongly recommend that arrangements be made for immediate release to the press of texts of all decisions reached on border incidents. Such publicity would, I believe, have a very salutory effect, as prompt and accurate publicity in Jordan, in Israel and abroad would be a deterrent of aggressive acts and a strong incentive to the maintenance of order along the border.

GREEN

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[1] Repeated to Jerusalem, Tel Aviv, Cairo, Baghdad, Beirut, Damascus, Jidda, London, and Paris.

[2] Printed as telegram 962 to Tel Aviv, Document 600.

[3] In telegram 147 from Jerusalem, May 2, Consul Tyler reminded the Department (in response to the last paragraph of its telegram 962 to Tel Aviv, Document 600) that the Armistice Agreements between Jordan and Israel had been signed by those two parties and could be amended only by them. Jordan and Israel would have to suggest and agree to the creation of additional Mixed Armistice Commissions; the United Nations could not impose them. (684A.85/5-253)

No. 603

684A.85/5–553: Telegram

The Chargé In Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, May 5, 1953—3 p. m.

1708. While it is important determine responsibility for Jerusalem incident (Embassy telegram 1683) [2] more vital task is taking steps reduce basic causes such incidents.

In reply to recent inquiry to General Riley whether he felt infiltration problem substantially worse than in past and therefore a convincing explanation of Israel Government's recent actions and policies or whether Israel Government currently blowing up infiltration problem as a means of forcing bilateral talks between Israel and her neighbors, Riley indicated in his opinion probably a little of both.

Most serious border incidents at present are on Israel–Jordan frontier. Israel–Jordan relations deteriorated after resignation last year of Ahmed Bey Touqan as result inability get Jordan Cabinet agree on stronger infiltration law and obtain support for settlement of Kalkilyer and Latrun problems (Jerusalem Contel 51 June 29, 1952, [3] and Embtel 105). [4] Inclination Arab leaders use refugees as weapon against Israel (Baghdad's despatch 477, January 13) [5] and statements from time to time by them directed at Israel have not helped.

Israelis at fault for attributing doubtful incidents to infiltration; unnecessary ruthlessness in cases of relatively harmless and inevitable infiltration; irritating aggressiveness within the Israel–Jordan MAC (e.g. unwarranted demands for emergency MAC meetings, renunciation of local commanders agreements); dramatizing and publicizing certain incidents in manner which has effect of discrediting MAC machinery and MAC personnel; and for high-handed acts of reprisal against innocent persons. Tripartite powers should continue press strongly against all such action.

Necessary realize, however, that infiltration has strong political psychological impact on Israelis. Not mere question of statistics.

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[1] Repeated to London, Paris, Cairo, Beirut, Damascus, Amman, and Jerusalem.

[2] Telegram 1683 from Tel Aviv, May 5, dealt with the exchange of fire in Jerusalem on Apr. 22. (684A.85/4–3053)

[3] Not printed.

[4] Document 458.

[5] In despatch 477 from Baghdad, Jan. 13, not printed, Ambassador Berry reported on his recent conversations concerning refugee matters with the Iraqi Minister of Social Affairs, Said Qazzaz, and with Count Adam Knuth, the UNRWA representative in Baghdad. (887.411/1–1353)

While responsible Israel officials privately concede that certain amount of infiltration is inevitable so long as there is absence Arab–Israel peace and large numbers of refugees concentrated near Jordan border, any conspicuous amount of stealing or killing attributable to infiltrators regardless of whether statistics are higher or lower excites fears for security on part of population and places pressure on government.

Moreover from point of view Israel psychology, infiltration is one of most concrete and unnerving of numerous factors causing uneasiness here such as desperate economic situation, recent USSR developments re Israel, prospects some change in Western powers policy toward Middle East, any psychological trauma from being surrounded by peoples who are bitterly respectful [*resentful*?] toward them.

Real danger in present situation lies in possibility that incidents may get out of hand and lead to resumption of hostilities, or that Israel is living in border areas and extremists seeking troubled waters to fish in will take law into own hands and undertake extra-legal action as in mandate days.

Immediate steps that can be taken include strengthening UNTSO, encouraging Israel renew acceptance local commanders agreements with Jordan, and urging both sides strengthen such agreement by devising at high level discussions effective means of curbing infiltration. Solid improvement in situation however will require overall approach with objective of securing mutual Israel-Arab concessions and cooperation in dealing with interlocking basic problems such as refugee resettlement and compensation, water resources, et cetera for which Secretary's visit to Middle East offers best hope.

RUSSELL

No. 604

611.80/5-953

Department of State Position Paper [1]

SECRET
STA D-1/6

[WASHINGTON, May 4, 1953.]

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[1] According to a note on the cover sheet by Jeremy Blanchet of the Executive Secretariat, this paper was one of a series of position papers on regional problems in the Near East to be contained in the briefing book for the Secretary's trip to the Middle East and South Asia.

Continued

JORDAN-YARMUK RIVER PROJECTS

Background

Israel's present boundaries give Israel physical control of the mainstream of the Jordan above Lake Tiberias, control of the Lake and its outlet, and control of the mouth of the Yarmuk River, the Jordan's main tributary, which enters the Jordan 6 kilometers south of the outlet of Lake Tiberias.

Important streams at the sources of the Jordan River arise in and traverse Lebanon and Syria.

Sources of the Yarmuk River rise in Syria and Jordan, in whose valley lies the boundary between these countries until near its mouth it enters Israel territory.

Plans for Israel's optimum agricultural development call for the diversion of a very substantial volume of the water now entering Tiberias, through gravity canals to the plains of Esdrallon and Israel, and to points farther south; such plans would require diversion of the Yarmuk into Lake Tiberias, to maintain adequate supplies of fresh water in the Lake itself and in that part of the Jordan River that flows past Israel's Beisan plain on the northwest corner of the Jordan Valley, to enable the Beisan plain to be irrigated by water pumped from the channel of the River.

On the basis of present boundaries, Jordan's optimum plan for the development of its territories in the Valley would require the use of all waters available from the Yarmuk River, and a substantial volume of additional fresh water from the Jordan itself which can only reach a Jordanian destination in the southern section of the valley if Israel curtails its plans to divert waters flowing into Tiberias from the North.

The prospects of development of the Jordan Valley hold out the most immediate hope for a partial solution of the Arab refugee problem. Maximum use of Jordan River waters for this purpose might result in a livelihood for as many as 200,000 persons, a majority of whom could be found in the ranks of the 460,000 refugees now on relief in Jordan. $40 million of UNRWA funds have been tentatively allotted for such development. Present thinking in Jordan looks to the construction of a high dam on the Yarmuk, providing a reservoir which would permit flood waters of the river to be released as required for irrigation and electric power. Jordan would receive the benefits of the irrigation, and would share the power with Syria. This proposal—"The Yarmuk Scheme"—has

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With respect to the visit of Secretary Dulles and Mutual Security Administrator Stassen to the Middle East and South Asia from May 9 to 29, 1953, and for the memoranda of their conversation with leaders of Israel, Jordan, Syria, and Lebanon, see Documents 1 ff.

originated in the Point IV program in Jordan, and it is being made the subject of thorough engineering analysis through funds made available by Point IV, UNRWA, and the UK. This engineering analysis will also include thorough study of the water resources of the minor tributaries of the Jordan River wholly under Jordanian jurisdiction, and designs for canals to follow the course of the valley on its Eastern and Western sides, as well as the design of a diversion weir on the Yarmuk to serve the canal on the Eastern bank. We are committed to complete these surveys with despatch. We are not committed further, and later commitments, which presumably could be made with UNRWA and possibly other funds, must wait until we have tighter estimates of costs, time factors, and benefits—i.e. a reasonable estimate of refugee resettlement that will follow expenditures. Division of lands to be irrigated between refugees on the one hand, and indigenous citizens on the other, will raise serious domestic problems for the Jordanians, and the technical problems underlying the best use of the land remain to be solved.

It may well be that an alternative to the construction of a high dam on the Yarmuk should be considered. It would involve the use of Tiberias as a regulating reservoir for irrigation purposes, diversion of Yarmuk flood waters into Tiberias, and construction of gravity canals that would extend the length of the valley on both sides to the Dead Sea. No such proposal, however, can be considered in Jordan, nor discussed with the Jordanians, as long as Israel remains in control of the outlet of Lake Tiberias.

In order to obtain an authoritative and informed opinion on alternative methods to make use of the waters of the Jordan, an estimate of the probable costs, and an appraisal of the resultant benefits, UNRWA retained the services of the TVA as consultants. TVA is assembling, from data available, a report on the development of the valley, and the TVA findings should reach our hands during the summer of 1953. [2] The TVA report may enable the U.S. and the UNRWA to reach more precise determinations as the reasonable division of waters between Israel and the Arabs, and to appraise cost and time factors of alternative plans for development.

What seems clear today is that the United States cannot agree to finance conflicting and competing plans on different sides of a political boundary. It appears equally clear that along with other outstanding issues of the Palestine dispute—compensation, repatriation, Jerusalem, boundaries—there is a fifth element, water, which must be considered as we approach a final settlement.

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[2] For the text of the report as published, see *The Unified Development of the Water Resources of the Jordan Valley Region*, prepared at the request of UNRWA, under the direction of the Tennessee Valley Authority, by Charles T. Main, Inc. (Boston, 1953).

In Israel, the government intends to raise the issue with the Secretary, and the Israelis will doubtless contend that Israel's viability cannot be achieved unless Israel is free to follow her optimum plan for uses of the Jordan waters.

In Jordan, high hopes will be expressed as to the possibilities of the Yarmuk scheme, and disappointment that our surveys have not been carried out sooner.

U.S. Position

1. In discussions in Israel:

Inform the Israelis that while no commitment has been made beyond expenditures for surveys, the UNRWA, with U.S. backing, must look to the irrigation of the Jordan Valley as its major resettlement prospect. While all facts are not yet precisely determinable, suggest that it lies in Israel's interest to insure the success of this opportunity by renouncing certain of her claims to waters of the Jordan and the Yarmuk, and that as soon as further facts are available, to make detailed discussion fruitful, the Israelis will be informed.

2. As to discussions in Jordan:

Advise the Jordanians of our interest in assisting the Government of Jordan to develop the resources of the valley and that we shall continue to support the UNRWA to the extent that costs determined by engineering findings, and agreement by the government to assure a reasonable measure of refugee benefits, permit. In this context, point out that it is our hope that Jordan will rapidly enact necessary legislation to assure that the benefits of irrigation accrue to its needy people, rather than to specially privileged groups.

No. 605

611.80/5–953

Department of State Position Paper [1]

SECRET
STA D–3

[Washington, May 5, 1953.]

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[1] One of a series of papers prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, *supra*.

ISRAEL

SUMMARY PAPER [2]

1. *Financial and Economic Aid to Israel*—Israel is not a viable state and requires outside financial assistance. It has been largely sustained by United States contributions, private and public. However, we are endeavoring to follow a policy which will (1) avert financial collapse causing even greater area instability; (2) hold our contribution to the minimum; and (3) encourage development and fiscal policies in Israel that will allow us to terminate United States Government grant aid as quickly as possible.

2. *Military Aid to Israel*—Israel may now purchase military supplies and equipment from official United States sources on a cash reimbursable basis. Israel wishes to be found eligible for grant military aid. Among the reasons we have declined grant aid are, (1) military aid is a regional problem, (2) Israel's military establishment is believed to be greater than that of any present combination of Arab states, and (3) no Near East state has been found fully eligible for grant assistance. While we are prepared to give grants to Israel at the appropriate time, we are not indicating this while Egyptian negotiations are going on.

3. *MEDO (Middle East Defense Organization)*—Israel thinks MEDO should include her. She feels her geographic position and her military establishment entitles her to charter membership. We hold that with the present Arab-Israel tension, no Arab state would share military information with a MEDO which includes Israel. We have evolved a formula whereby Israel would not be a charter member but would be kept generally informed by means of parallel arrangements.

4. *Refugees (Arab)*—These problems include blocked Arab accounts, compensation to Arabs for property in Israel, and refugee resettlement in Israel. Israel has agreed to release the blocked accounts and has agreed to the principle of paying compensation, and, in connection with an overall peace settlement once offered to accept up to 100,000 refugees.

The United States has provided considerable sums for the care and resettlement of refugees in Arab states and has urged Israel to make a unilateral declaration that up to 100,000 Arab refugees would be permitted to settle in Israel. We have also urged Israel and the Arab states to settle their differences, including those over refugees, by direct negotiations.

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[2] Annexed to this summary paper as tabs were position papers on each of the problems summarized.

5. *Jerusalem*—Israel believes that in any plan for internationalization of Jerusalem, political control should remain with states now occupying it. Israel further believes that, as Jerusalem is Israel's capital, all government ministries should be there. The Ministry for Foreign Affairs is to be moved to Jerusalem about June of this year.

We are obligated by UN resolutions to oppose annexation of Jerusalem by Israel and Jordan, the occupying states. At the same time we realize that the present uncertain status should not continue indefinitely. We have informed the Israel Government we do not intend to transfer our mission from Tel Aviv to Jerusalem.

6. *Border Problems*—Israel until recently followed a policy of armed retaliation against Jordan border settlements as a means of controlling infiltration into Israel by Jordan nationals. Jordan-Israel border troubles have been referred to as a "miniature war". We have urged both parties to follow policies of patience and restraint and to make fullest use of United Nations machinery and procedures. To make United Nations machinery more effective, we are considering two ideas: (1) to have three (instead of one at present) Jordan-Israel Mixed Armistice Commissions and (2) to have whole border situation aired in Security Council.

General Riley USMC (Ret.), present UNTSO Chief of Staff, has resigned effective May 15 and we are looking for a successor.

7. *Immigration*—Israel's Jewish population increased from 650,000 in May 1948 to approximately 1,425,000 at present (plus 175,000 Arab population today). Israel's policy of unlimited immigration has been drastically curtailed for economic reasons. A potential threat to Near East stability is the number of Jews in the Soviet Union (about 2,500,000). Should they be able to emigrate, we consider it would be a problem for the world rather than for Israel. The United States has contributed to Israel during the past two years well over $100,000,000 for rehabilitation and settlement of Jewish refugees already in Israel.

8. *The Arab League*—The Arab states have organized themselves against Israel in an economic boycott and in a collective security pact. The boycott is hurting economically but is not likely to strangle Israel. The cost to Israel is paid by the United States, in effect.

Israel is particularly concerned about Egypt's Suez Canal restrictions on commerce to and from Israel and has asked our assistance to force Egypt to comply with the Security Council Resolution of September 1, 1951 calling on Egypt to desist from restricting commerce. We have declined to comply with Israel's requests in the belief that the present Egyptian Government should not be hampered in its effort to gain prestige, which will be necessary to enable it to talk peace with Israel.

[Tab 1]

FINANCIAL AND ECONOMIC AID FOR ISRAEL

Background

Israel's present agricultural and industrial resources are inadequate to support a population of 1,600,000 people accustomed for the most to a relatively high standard of living. While immigration is no longer high and an austerity standard of living is being enforced, substantial outside aid is necessary simply to maintain the present level of consumption. Additional help is required (1) to provide service and repayment on a heavy foreign indebtedness, and (2) to finance a development program which might some day make Israel self-sustaining.

The United States Jewish community has contributed some $700,000,000 since 1945 to Jewish Palestine and Israel. This private aid has not been sufficient in recent years, however, and has been supplemented by United States Government aid. Specifically, in fiscal years 1950–51 $135,000,000 in Export-Import Bank loans and $23,250,000 in free agricultural commodities were provided. Technical economic aid totalling $64,950,000 was granted in fiscal 1952 and $73,000,000 in fiscal 1953.

Israel Position

Israel has requested MSA aid of $118,000,000 for fiscal 1954 to be used for immigrant relief and resettlement and for economic development. In addition, Israel has requested a "one-time" grant of $70,000,000 to pay its short- and intermediate-term debts falling due during a twelve-months' period. This additional request is supported by Israel on the grounds that its large overhanging foreign debt threatens to paralyze its supply program, seriously encourages internal inflation and jeopardizes its hopes for peace with the Arab states by stimulating Arab expectations that Israel's economy will break down.

United States Position

Our analysis indicates that MSA aid of $50–60,000,000 should be adequate to maintain present austerity standards of living and provide possibly $10–20,000,000 for modest capital development toward viability. We question whether large-scale aid to pay Israel's debts would be justified at this time. While there are strong political and economic reasons why we should help Israel, if necesary, to avoid default, we are inclined to feel that if default becomes imminent, consideration might first be given to meeting the problem from loan funds or, if this is not feasible, by making emergency use of MSA funds already appropriated for Israel's benefit.

[Tab 2]

MILITARY AID

Background

The armed conflict between Israel and the Arab states of the Near East was terminated in 1949 by armistice arrangements. Efforts to conclude peace agreements have not been successful.

Israel considers her existence is endangered by the absence of peace with her four Arab neighbors (Lebanon, Syria, Jordan and Egypt) and their threats of a "second round" with Israel. Israel therefore believes it essential to her existence to maintain defense forces (Army, Air, Naval) capable of effectively resisting attacks by any combination of the Arab states.

There are three procedures whereby Israel may procure military equipment from the United States, namely, from United States official stocks on a cash reimbursable basis, from the United States Government on a grant basis, and from commercial sources. Israel was found eligible in July 1952 for cash reimbursable assistance and has submitted a list of items desired, part of which has already been approved. Israel continues to purchase military supplies in the United States and elsewhere from commercial sources. Israel has not, however, been found eligible to receive grant military assistance from the United States.

Israel's Position

Israel considers most unusual the furnishing of military aid by a friendly power (United States) to a country which considers itself to be at war with Israel (e.g., Egypt) and believes peace with Israel and appropriate regional defense arrangements should precede military aid to any Arab state.

United States Position

While recognizing the legitimacy of Israel's concern, the United States position has been that the best possibility of peace in the Near East at present is through Egypt's Premier General Naguib, whose regime must be strengthened before his public opinion will permit him to arrange a settlement with Israel. For this reason Egypt has been found eligible for grant military assistance for training, and the necessary agreement is under negotiation. Also, we have offered to sell Egypt $11,000,000 of military equipment. We are prepared in principle to offer Israel grant aid, but we cannot do it now without jeopardizing present tendency of Arabs to move toward peace with Israel. We are therefore not saying anything about this step.

The only other Near East state found eligible for grant military assistance is Saudi Arabia, where special considerations (Dhahran Air Base) made the finding necesary.

[Tab 3]

MEDO (MIDDLE EAST DEFENSE ORGANIZATION)

Background

Because *de jure* peace does not exist between Israel and the Arab states of the Near East, it would not be possible at this time to set up a MEDO which would include both Arab and Jewish members. Therefore, efforts to establish MEDO have considered only the Arab states as charter members (plus, of course, certain Western powers).

Israel's Position

Israel believes that her geographic position, and the fact that she has the most effective military establishment in the Middle East, exclusive of Turkey, makes essential her membership in MEDO for it to be a success. She considers it lacking in logic for the West to organize MEDO without her.

United States Position

The United States and other powers trying to organize a MEDO recognize there could not be a MEDO with Israel as a charter member. They also recognize the validity of Israel's contentions. They have therefore evolved the formula whereby only the Arab states would be invited to become charter members but parallel arrangements would be made with Israel and Israel would be kept generally informed of developments. This formula has been made known to the Israel Government.

[Tab 4]

ARAB REFUGEES

(See Regional Paper on Refugees) [3]

Background

The end of the armed conflict in 1949 found almost one million Arabs as refugees, having fled or been driven away from their homes in the new State of Israel. The Arab states hold Israel re-

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[3] Document 610.

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sponsible for the status of the Arab refugees. They insist on recognition by Israel of the "right" of the refugees to return to their homes, on payment of compensation by Israel for their property losses, and on release of the blocked refugee bank accounts in Israel.

Israel's Position

Israel has agreed to the release of the blocked Arab accounts, which amount to the equivalent of approximately $14,000,000, and to the actual payment of a first installment of one million pounds sterling. Details of the transfer were worked out by the PCC (Palestine Conciliation Commission) and the mechanics of the operation are being carried out by certain banking institutions, assisted by United Nations Relief and Works Agency. Some Arabs have signed the application for the release of their funds but the vast majority, on the urging of Arab governments and Arab leaders, have refused to sign the complex application form pending a clarification of its exact implications.

Israel has agreed to the principle of paying compensation for Arab properties in Israel. The extent of the problem is now being examined by the PCC and the amount of the obligation is expected to be known within the next few months. The question then will be where Israel is to obtain the funds with which to make the payment. Israel believes that it would be unrealistic for her to attempt to pay such a large obligation as long as the Arab states continue their economic boycott against Israel.

Israel offered to accept, in connection with an overall peace settlement, up to 100,000 Arab refugees. While that offer has since been withdrawn, Israel would probably agree to it again as a part of a general peace settlement with the Arab states.

United States Position

The United States has worked with the United Nations and its various organizations, both directly and by diplomatic support, in trying to find solutions to the various problems mentioned. We have successfully urged Israel to release the blocked Arab accounts, to agree to the principle of compensation without any *quid pro quo*, and we have provided substantial sums for the care and resettlement of the refugees in the Arab states. We have urged the Israel Government and her Arab neighbors to enter into direct negotiations in order to solve or alleviate mutual problems. It is probable that in the near future we shall want to make a new effort to get the parties together to resolve the refugee and other problems blocking Arab–Israel peace.

[Tab 5]

JERUSALEM

Background

The United Nations resolution of November 29, 1947, contained a provision for the internationalization of Jerusalem which has thus far not been possible to implement, although the UN has had before it proposals extending from complete territorial control by a UN authority to the Swedish-Belgium proposals for a UN supervisor of the Holy Places with the administration of the city to remain with the states in occupation. In December 1949, despite UN admonition, Israel began the transfer to Jerusalem of its legislature and ministries. At present only the Ministry for Foreign Affairs has not moved to Jerusalem.

In addition to the political problems of Jerusalem, the city and its environs are of tremendous importance to three of the world's principal religions. It contains the third most holy Moslem shrine; it is closely associated with the life of Jesus Christ; it was the site of ancient Jewish religious life and contains the Wailing Wall and other places of religious significance to the Jewish people.

Israel's Position

Israel believes that political control of Jerusalem should be left with the states now occupying it, but is willing to provide guarantees of free access to the Holy Places and would accept a form of internationalization which would limit United Nations functions to supervision of the Holy Places.

The Israel Government has informed us that it intends to complete the establishment of the government in Jerusalem by the transfer of its Foreign Ministry from Tel Aviv to Jerusalem in about June of this year.

United States Position

The UN should have an opportunity to devise a workable status for Jerusalem. We have recognized that the occupying states should not be required to wait indefinitely for determination of the city's future status. It has been foreseen that, if the UN fails, complete control will remain with the occupying states by default. In the meantime, we have declined to recognize that Jerusalem is the capital of Israel and have joined with other states in requesting the Israel Government not to transfer its Foreign Ministry from Tel Aviv to Jerusalem. We have informed the Israel Government that we have no intention of transferring our mission to Jerusalem although we understand the inconvenience that is involved for the

Israel Government in having its ministries located in the two separate cities.

[Tab 6]

BORDER PROBLEMS

Background

Israel's neighbors are the Arab states of Lebanon, Syria, Jordan and Egypt. With each of these states Israel has an armistice agreement setting forth the armistice boundaries and the elementary rules for keeping the peace. The United Nations has set up a Truce Supervision Organization (UNTSO), the Chief of Staff of which is Lt. General William Riley, USMC (Ret.), and a Mixed Armistice Commission (MAC) for Israel and each of the four Arab states. These four MACs have national members but the chairman of each is a military officer of a neutral state. Their primary function is to investigate violations of the armistice agreements. They have no enforcement authority.

Israel's borders with Lebanon, Syria and Egypt have been relatively quiet for the past year or so. The border with Jordan, however, has been the scene of almost constant marauding and infiltrating into Israel territory with resulting killings, thefts and disturbance of the peace of the border areas.

The Jordan–Israel MAC has become so bogged down with complaints that it has not been able to investigate them promptly even on an emergency basis.

Israel's Position

Israel's analysis of the Arab character has led Israel leaders to believe that the only language the Arabs understand is that of force. This has brought about a policy of armed retaliation against Jordan border villages when infiltration has reached a point considered unbearable by Israel. From the Israel viewpoint the policy is justified by the heavy losses in lives and property suffered by communities along the border. Prime Minister Ben Gurion has referred to the Jordan–Israel border troubles as "a miniature war."

United States Position

In addition to our responsibilities as a member of the United Nations, the United States, with France and Britain, is a signatory of the Tripartite Declaration of May 25, 1950. We have therefore urged both Jordan and Israel to make fullest use of the United Nations machinery and procedures (MAC, UNTSO, and Security Council) and not to resort to armed retaliation. As a Tripartite Declaration signatory we have joined with Britain and France in diplomatic respresentations to both parties urging them to follow policies of patience and restraint, and to cooperate fully with the United Nations agencies.

In addition, we are considering ways and means of making the United Nations machinery more effective. Two ideas are now being examined. One is to have, say, three Jordan-Israel MACs instead of one as at present in order to provide prompt and more effective investigations into causes and to fix responsibility for armistice violations. The other idea is for the whole border in question to be aired in the Security Council in order to clear the atmosphere and permit the new UNTSO Chief of Staff (to be appointed to succeed Gen. Riley who has resigned effective May 15) to get a clean start. In the meantime we are urging restraint on both sides.

[Tab 7]

IMMIGRATION

Background

One of the most important stones in the foundation of the State of Israel is that Israel is declared to be the homeland for Jews everywhere and hence must be open to any Jew who wishes to go there. A total Jewish population of about 650,000 in May 1948 has increased to approximately 1,400,000 today.

A policy of unlimited immigration almost caused the economic collapse of the state, so that a *de facto* policy of limited immigration was necessary and was begun early in 1952. The Government still publicly adheres to a policy of unlimited immigration.

Although the communist satellite states have permitted Jews to emigrate until quite recently, the USSR has not permitted emigration. The Israel Government hopes the 2½ million Jews in the Soviet Union will be permitted to emigrate.

This attitude is one of the main causes of Arab fears with respect to Israel. The Arabs' reason that further large-scale immigration will force Israel into an expansionist policy, to get "lebensraum" for the increased population.

Israel's Position

Even though the State of Israel is being kept alive today by foreign governmental and private contributions, access to a haven in Israel is offered to any and all Jews permitted to emigrate from the communist states.

United States Position

The United States has not really formulated its position in the event of immigration into Israel of an additional mass of Jewish people from the communist countries. Preliminarily, however, we have felt chaos would be created in Israel and the Arab states by the sudden influx into Israel of any appreciable number of immigrants. Our thinking is that the release of a large number of persons from the USSR should be treated as an international problem which would require the settlement of the majority in countries other than Israel.

Well over $100,000,000 of United States Government economic aid to Israel during the past two years has been extended for the rehabilitation and settlement of refugees already in Israel.

[Tab 8]

ISRAEL AND THE ARAB LEAGUE

Background

The Arab states of Lebanon, Syria, Iraq, Jordan, Egypt, Saudi Arabia and Yemen, having seen their armies defeated by Israel in armed conflict, have taken two important measures against Israel. They have organized among themselves an economic boycott and they have joined in a Collective Security Pact.

The economic boycott has been effective. It has taken the form of 1) discontinuing the supply of oil through the pipe line from Kirkuk (Iraq) to Haifa (Israel), 2) the blacklisting of American and other foreign firms having branches in Israel, 3) refusing to admit travelers whose passports contain Israel visas or otherwise show the traveler has been in Israel, 4) the denial of entry visas to persons of the Jewish faith regardless of nationality, and 5) refusal of facilities to vessels transitting the Suez Canal carrying goods destined to or from Israel. The latter restriction is particularly onerous because it denies Israel access to cheap markets for purchases and sales, including petroleum from the Persian Gulf for the Haifa Refinery.

While the exact cost of the Arab boycott to Israel can not be accurately determined it is estimated to be several million dollars annually. It should be noted that this cost to Israel is, in effect, paid for by grant aid funds authorized by the United States Congress.

The Arab Collective Security Pact is at present only potentially disadvantageous to Israel as, with the exception of Jordan's Arab Legion, the Arab states generally are militarily impotent.

Israel's Position

Israel, of course, objects to the Arab economic boycott, particularly the Egyptian regulations pertaining to the Suez Canal. Israel periodically addresses the Governments of the United States, United Kingdom and France calling their attention to the Security Council Resolution of September 1, 1951 requiring Egypt to discontinue the restrictions.

United States Position

The United States has made representations to certain Arab governments whenever the economic boycott against Israel has appeared to discriminate against American business interests, and was one of the powers sponsoring the Security Council resolution of September 1, 1951 mentioned above. However, because of the delicate negotiations imminent between Egypt and the United Kingdom for the past year and now taking place, and because we believe the present Egyptian regime requires substantial support, we have declined to insist that Egypt comply with the Security Council resolution. We are nevertheless aware that the time will probably come when we must join with other powers and insist that Egypt comply.

No. 606

611.80/5-553

Department of State Position Paper [1]

CONFIDENTIAL [WASHINGTON, May 5, 1953.]
STA D-4

JORDAN

SUMMARY PAPER [2]

1. *Relations with Israel*—Extremely bad because of (a) the state of affairs along the artificial Israel-Jordan armistice line and (b) the hundreds of thousands of Palestine Arab refugees living in Jordan. Sporadic fighting along the armistice line and pressure from other Arab states as well as from Jordan's discontented population has effectively blocked any progress in solving the Palestine issue as it affects Jordan. Only a handful of Jordanians are even

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[1] One of a series of papers prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, Document 604.

[2] Attached to this summary paper as tabs were position papers on each of the problems summarized.

willing to consider a permanent settlement with Israel. The United States has urged Jordan to follow a policy of patience and restraint and to rely on the United Nations in approaching its problems with Israel.

2. *Refugees*—About 450,000 or one half of the Palestine Arab refugees live in Jordan. They are a great burden on Jordan's weak economy and exert considerable influence on the Jordan Government, especially by their deep hatred of Israel and the Western powers. They manage a bare subsistence through the United Nations Relief and Works Agency, to which the United States contributes about 70% budgetwise.

3. *Economic Development*—United States Aid—Jordan is not economically viable and has always had to be supported by British subsidies and loans. The country's basic economic need is the reintegration of the Palestine refugees (see above) within its borders, together with such development as can be achieved of its meager resources. Jordan wants foreign economic assistance. The TCA program in Jordan for FY 1953 was approximately $3,000,000. There are plans to expand this assistance.

4. *Fertile Crescent Idea*—The Kings of . . . Jordan and oil-rich Iraq are of the same family. Syria opposes Jordan-Iraq union, since Syria would be placed at a disadvantage. Syria would prefer a Syria-Jordan union, which would be to Iraq's disadvantage. There have been no recent indications of Jordan-Iraq, Jordan-Syria, or Jordan-Iraq-Syria union, and recent Jordan governments have not promoted a union. The United States would not oppose Arab union if it were achieved in accordance with the wishes of the peoples concerned. A union would have economic advantages for the area and possible political disadvantages for the West, since a larger, more powerful state might be more difficult to deal with.

[Tab 1]

RELATIONS WITH ISRAEL

Background

The Jordan-Israel Armistice Agreement was signed on April 3, 1949 and established an armistice line which, although subject to change in a final peace settlement, is the official boundary between the two countries. By this Agreement Jordan's frontier was extended westward to include a large portion of what was Palestine and which today is known as West Jordan or Arab Palestine. The Jordan-Israel boundary has been the scene of thousands of incidents during the past five years (see topic paper entitled "Border

Problems" in Israel section). Incidents arising along the border have been a major cause of tension between the two countries. One recent series of incidents was described as the "bloodiest since the Armistice Agreement".

In an effort to normalize relations, Jordan's Arab Legion was withdrawn from the border areas and responsibility for the maintenance of order in those areas was given the Jordan National Guard. The National Guard has not been effective in preventing Jordan nationals crossing into Israel or in apprehending Jordan nationals returning from Israel with stolen goods or, in many instances, after they have perpetrated crimes on Jews in border communities. The Jordan Government has endeavored to plug the gap but, because of the mountainous nature of many parts of the border, has not been able to control the situation.

Prospects for peace with Israel are not bright. Jordan opinion extends all the way from the belief that the only way to have peace is to drive the Jews into the sea to the very small moderate minority which considers the settlement on Arab terms of problems relating to refugees, compensation and blocked accounts as a prelude to peace with Israel.

Jordan's Position

Jordan's position vis-à-vis peace with Israel has been most difficult. Pressure by other Arab states has been an important deterrent. Even more important has been the political situation within Jordan. In July 1951 King Abdullah was assassinated. He was succeeded by his oldest son, Talal, who was deposed in August 1952 because of a "mental illness". Next in line was Talal's son, Husein, who assumed his royal prerogatives as King on May 2, 1953, his 18th birthday. During this period of uncertain leadership [illegible] Prime Minister found it necessary to "be more Arab than [illegible] Arabs" and to tread a narrow line which formed the balance between East Jordan and West Jordan. The latter consists largely of refugees who have no cause to love Israel.

There are minor evidences that it may be possible for Jordan to endeavor to reach a better understanding with Israel.

United States Position

We have urged Jordan to follow a policy of patience and restraint in connection with the numerous border incidents and to use and cooperate with the United Nations machinery for investigating the incidents. It has not been possible during the past year or so to take any important initiative in suggesting to the Jordan Government that it resolve its difficulties with Israel. The time appears to be imminent however when we can take more positive steps to that end.

[Tab 2]

REFUGEES

Background

At the conclusion of the Israel-Arab armed conflict, about half of the Arab refugees found themselves in Jordan. They are still there today, and number approximately 450,000 out of a total Jordan population of around 1,300,000. They are now treated as Jordanian citizens. Comprising a third of the population, they exercise considerable political influence in the Jordan Government. Their animosity toward Israel has been an important contributing factor in keeping public opinion in Jordan and the rest of the Arab world alive against Israel.

(See the regional paper on refugees for more general discussion of the refugee problem. [3])

[Tab 3]

ECONOMIC DEVELOPMENT—UNITED STATES

Background

Jordan is not economically viable and has always had to be supported by British subsidies and loans. Although its economy is basically agricultural and pastoral, only a small percentage of the land is productive. Industry is trivial and there are few natural resources of actual or potential commercial value. Over-all trade is seriously out of balance and trade with the United States is negligible as is the opportunity for private investment.

Although Jordan still has the smallest population of any Arab State, the number of its inhabitants has more than doubled in the past five years with the addition of East Palestine (now West Jordan) and the influx of the refugees. The country's basic economic need is consequently the reintegration of the United Nations supported refugees together with such development as can be brought about from its poor endowment of land and natural resources.

Jordan Position

The Jordanian Government needs and wants foreign assistance for economic development and has been more cooperative on this score than most other Near Eastern countries. Its agreements with

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[3] See the paper on the Arab refugee problem, designated STA D-1/2a, Document 610.

TCA are the only ones in the area which provide for the creation of special "cooperative departments" within the ministries—analogous to the "servicios" in Latin America. Jordan has received development loans, as well as subsidies from the British and was the first Arab country to sign an agreement with the United Nations Relief and Works Agency for the improvement of the refugee living standards. Recently it joined the International Bank and Fund.

United States Position

The United States contribution to Jordanian economic development involves:

1. A TCA program currently involving 42 American technicians and a total program contribution for fiscal 1953 of approximately $3,000,000. Among the TCA projects are engineering surveys of Jordan-Yarmuk Valley development, a 2,000 acre water-spreading project on desert land which has been made to yield forage at an unusually high rate and the cleaning and repair on a demonstration basis of the country's numerous but unused Roman cisterns. The latter project has since been copied in seven villages.
2. Plans for grant aid from the regional "special economic aid" package for fiscal 1954. Capital assistance funds for Jordan-Yarmuk Valley development may come from this source as well as from the United Nations Relief and Works Agency to reflect interest in indigenous inhabitants as well as in the refugees.
3. Seventy per cent financial interest in the United Nations refugee relief and reintegration operations.

[Tab 4]

THE FERTILE CRESCENT IDEA

Background

. . . ; Iraq is rich from oil revenues; other states such as Syria fall between the two extremes in viability. Individually they are weak; united they could be fairly strong militarily and economically.

Jordan and Iraq are bound by family ties of their respective kings (cousins—members of the Hashemite family). Syria would not like to see Iraq and Jordan united as the combination would put Syria at a disadvantage. Syria would prefer a Syria-Jordan union which would ease Syria's fears of Iraqi aggression.

There have been no recent indications of progress in the development of the idea of Jordan-Iraq or Jordan-Syria or Jordan-Syria-Iraq union, and recent Jordan governments have not favored such union.

United States Position

A firm position has not recently been taken on this subject since the issue is dormant. It is realized, however, that the present Arab states are, in general, artificial entities created by the British and French some thirty years ago to divide the Arab world into small states so that they could be more effectively controlled. In view of the paucity of resources in the individual states, and in view of the changed political situation, there would be important advantages, as well as disadvantages, for the United States in a union of two or more Arab states. The advantages would include 1) it would be simpler to deal with one state, rather than several, in MEDO, Point Four and other programs, 2) the new entity would presumably be more viable and hence require less foreign aid and 3) would be more attractive for private United States investment. Disadvantages would include 1) the possibility of the larger more self-sufficient entity being more intransigent and hence more difficult to deal with, 2) more of a danger to us if the larger state would oppose United States policies.

No. 607

611.80/5-953

Department of State Position Paper [1]

SECRET [WASHINGTON, May 5, 1953.]

STA D-5

SYRIA

SUMMARY PAPER [2]

1. *Internal Political Situation:* General Shishikli's dictatorship apparently well established and now entering eighteenth month. Announcement new draft constitution imminent, with publication text and popular referendum this summer. Elections possible in autumn. Confused reform by decree law continues. Internal and external plotting against State so far unsuccessful.

2. *Palestine Question:* Shishikli has quietly authorized settlement 80,000 Arab refugees in Syria; is conducting secret negotiations Israel for revision common border. Privately admits desirability

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[1] One of a series of papers prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, Document 604.

[2] Annexed to this summary paper as tabs were position papers on each of the problems summarized.

"modus vivendi" with Israel, although publicly still calls for full implementation United Nations resolutions by Israel.

3. *Area Defense Arrangements:* Shishikli does not regard Russia as major and imminent threat to Syria (Near East). Israel viewed as main and almost exclusive enemy. Therefore area defense seen as protection against Israel, as well as being primarily function of Arab states, who should be included from inception in any plans for a MEDO.

4. *United States Military and Economic Aid:* United States offer of cash reimbursable aid not taken up; Shishikli wants grant military aid of the sort extended to Turkey. His willingness meet United States proposals on Palestine and MEDO is directly proportional to amount military aid United States willing give Syria. Syrian Army incapable more than limited defensive operations, is principally effective for internal control.

TCA not accepted by Syria. Economic aid considered secondary to military aid, but Shishikli would like economic program of Turkish type, with grant assistance for development projects. Return must justify political risk to Shishikli of signing agreement which likely to be labeled "treasonable" by street.

5. *Fear of Hashemite Expansion:* Shishikli fearful of possible Iraqi attempts unite Syria, Jordan, Iraq under Faisal II's Hashemite crown. Recent plotting against Shishikli by ex-Syrian officers on Iraqi soil lends credence his fears. Tripartite Declaration May 1950 could deter this threat under certain conditions.

[Tab 1]

INTERNAL POLITICAL SITUATION

Background

By a bloodless coup from November 29–December 1, 1951, General (then Colonel) Shishikli took over the Government of Syria, dissolved the Parliament, dismissed a day-old cabinet, and began ruling by executive decree through his front man and Head of State, General Fawsi Selo. A rubber-stamp cabinet later was created and encouragement given to organization of a "national" party, the Arab Liberation Movement. A multitude of reforms and autarchic measures have been decreed, but in the pressure of vested interests and the confusion of amateur government, many decrees have never left paper.

Signs have multiplied recently that Shishikli will soon end the "period of transition" and allow Syria to return to parliamentary forms of government. Officials have been preparing a draft constitution which reportedly vests strong powers in the President. The contemplated changes in form should not modify Shishikli's control. In fact he is likely to become the President, with a legislature composed of sympathetic deputies. Elections will take place in the autumn at the earliest.

Political parties are officially dissolved, whereas the Arab Liberation Movement has not developed as hoped. In fact Shishikli appears disgusted with his "test-tube" party and is leaning more to his old favorite, the Syrian Social National Party, which though covert is well organized, patriotic, anti-communist and cast as a loyal opposition. The SSNP, however, cavils at any alteration of its platform by Shishikli.

There is considerable discontent in Syria at Shishikli's regime, as manifested by an abortive coup, arrests and plots (see Tab 5). However, no united opposition has developed which would be capable of successful revolt, and by and large the populace is apathetic. Meanwhile, Shishikli has shown how firm a control he has over the country, and the people at least compare his regime favorably with those of the pre-coup, filibustering parliaments.

United States Position

While Shishikli is not pro-Western in a full sense, he has been fairly cooperative with the United States, at least more so than his predecessors. There is no successor in sight who would be more inclined towards the United States; in fact his disappearance could well herald a very anti-Western regime. Moreover, since he is firmly anti-communist we should do what we can to give his regime encouragement.

[Tab 2]

PALESTINE QUESTION

(See Regional Paper on Arab-Israeli question.)[3]

Probable Syrian Position

Much of General Shishikli's thought may focus upon this problem, the responsibility for which he will of course attribute to the U.S. at least in part. Privately he has recognized that Israel will be a factor in the area for a long time. He might refer to the possibility of "peace", but he will make it conditional upon U.S. pressure on Israel to: (a) arrange a better frontier with Syria; (b) accept limited repatriation of Palestine refugees; (c) grant refugee compensation; (d) agree to Jerusalem's internationalization; (e) limit Jewish immigration into Israel.

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[3] Document 609.

While General Shishikli is reluctant to use such terms of finality as "peace" and "resettlement", he has paid them somewhat more than lip service. He had authorized resettlement on Syrian soil of 80,000 Palestine refugees now in that country; UNRWA accordingly will expend $30 million to assist the resettlement. His representatives are negotiating secretly with the Israelis, under the aegis of the UN Mixed Armistice Committee, for a frontier *modus vivendi* and a resolution of the Demilitarized Zone. Both resettlement and frontier questions are, however, far from fully resolved. Moreover, Shishikli is marking time on them until he sees how much less "favorable" a policy the new U.S. Administration will have towards Israel vis-à-vis the Arab states.

U.S. Position

The U.S. believes that resettlement of refugees and adjustment of border anomalies are to Syria's advantage regardless of how much U.S. support and aid is or is not forthcoming. Syria needs the manpower for economic development and can absorb the bodies without upsetting its economy. A continued spirit of compromise with Israel on border revision talks can mean removal of a prime friction source and allow Syria to concentrate more on important internal development problems.

[Tab 3]

AREA DEFENSE ARRANGEMENTS

(See Regional Paper on Defense of the Middle East.)[4]

Probable Foreign Position

While Shishikli is cognizant of Soviet designs, he does not regard Russia as the primary threat to peace in the area. That role is assigned almost exclusively to Israel. Therefore area defense is conceived of as defense against Israel (the Arab Collective Security Pact), and Shishikli is less concerned with defense arrangements of the Western powers against Soviet aggression. Should Shishikli mention this subject, he will emphasize that area defense is primarily a function of the Near Eastern people (Arab), and that all Arab States should be included in area defense plans from inception. At present, however, he considers that the U.S. has not offered sufficient inducement for Syria to cooperate with the West on either Palestine or area defense. He will probably indicate to the Secretary that Syrian cooperation on these matters will only come after U.S. offers of more liberal proportions than orthodox technical assistance or cash reimbursable military aid, both of which his country has already rejected or shelved (see Tab 4).

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[4] Not printed.

U.S. Position

See regional paper.

[Tab 4]

U.S. MILITARY AND ECONOMIC AID

Background

The U.S. has offered Syria technical assistance under Point IV and cash reimbursable military aid. Neither has been accepted. (See Regional Paper on Aid to the Near East.)[5]

Probable Syrian Position

General Shishikli is very likely to renew his demand for more modern military equipment, and to explain that this should not be forthcoming in the limited, cash reimbursable form now offered, but rather in quantities and as a grant, along the lines of U.S. aid to Turkey. Shishikli particularly prefers American equipment to the hodge podge of antiquities he receives presently from France and Britain. Moreover, he will probably try to show why Syria merits special treatment. Both he and General Selo have indicated that Syria would be willing to give consequent assurances that it has no aggressive designs on Israel. The fact that Egypt and Saudi Arabia have been declared eligible for grant aid, while Jordan is subsidized by the UK, only strengthens Shishikli's conviction that Syria is unjustly being left out.

General Shishikli views economic development as secondary in importance to increased military strength. However, he describes Syria as a poor country which would welcome the "right" type (i.e. U.S. grant aid to Turkey) of economic aid. He does not expect quite the volume extended to Turkey, but wants money to execute a number of development projects in land reclamation, irrigation, housing and transport. He maintains that he is weary of surveys, and wants to see actual construction. He insists that he must receive enough aid to justify the political risk of signing an economic agreement with the U.S.; the street elements will otherwise succeed in shouts of a "sellout to the imperialists". Shishikli has dallied with thoughts of UN and IBRD financial aid, but nothing has materialized except for the as yet unexpended $30 million UNRWA grant for resettlement of the 80,000 refugees.

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[5] Not printed.

U.S. Position

See regional papers on defense arrangements and economic assistance.[6]

[Tab 5]

Fear of Hashemite Expansion

Background

The Hashemite dynasty in Iraq and Jordan has long dreamt of Jordanian-Iraqi-Syrian political unity as the "Fertile Crescent", under a Hashemite crown naturally. King Abdullah cherished the scheme while he ruled Jordan, and the Regent of Iraq leads the advocates in his country. Rumors still persist that Iraq is plotting to absorb Syria and Jordan, particularly since the Regent is technically out of a job in Iraq since May 2nd. Recently some credence has been lent to these rumors by substantiated reports that disaffected Syrian Army Officers are plotting (on Iraqi and/or Lebanese territory) against General Shishikli. Reportedly the Iraqi palace is financing the plotters.

Probable Syrian Position

Obviously General Shishikli does not subscribe to these ideas. He has asked if the United States through the United Kingdom can induce Iraq to restrain the Syrian officers.

United States Position

The United States wants as full a confirmation of these reports as is ascertainable, before and if any representations are made to Iraq. We do not adjudge the May 1950 Tripartite Declaration applicable, unless irrefutable facts show that a state is actively supporting, sanctioning or participating in aggressive international military action. However, Ambassador Moose has assured Shishikli that the United States would regard with concern any activities by a Near Eastern state which were directed clearly towards infringement of any other state's sovereignty.

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[6] Not printed.

No. 608

611.80/5-953

Department of State Position Paper [1]

SECRET [WASHINGTON, May 5, 1953.]
STA D-6

LEBANON

SUMMARY PAPER [2]

1. *Internal Political Situation*: Decree law "civil service" cabinet has completed program and resigned April 27. New parliamentary cabinet had been formed, recently by Saab Salaam, and will implement reform measures, initiate new ones, and continue general program started after bloodless coup of September 1952. Cabinet must try to restore confidence in parliamentary system, and silence critics who maintain reform program not going fast enough.

2. *Palestine Question:* Lebanese resent creation of Israel, but not quite as do other Arab states. Officially, however, Lebanon must adhere strictly to Arab League position. Refuses give permanent residence to 125,000 refugees now in country.

3. *Area Defense Arrangements and United States Arms Aid:* Lebanese leaders privately favor a MEDO; cannot openly advocate in face of public opinion locally and in other Arab states. President Chamoun has made good-will visits to Arab capitals and secretly tried use influence in promoting regional defense with West. Lebanon has signed necessary assurances to United States, can now receive cash reimbursable military aid; would prefer grant aid, however.

4. *Future of United States Technical Assistance:* Technical assistance program finally reached firm ground in December 1952-January 1953. Largest staffed program in Arab states. Lebanese now appreciate its long range aspects, but also will want grant assistance to finance major development program, e.g., Litani River Development, which United States has surveyed.

5. *Lebanon's Share in Pipeline Earnings:* Lebanon infected by agitation elsewhere and convinced oil companies making excessive profits. Lebanese pressing for renegotiation of Tapline (United States) agreement in order obtain increased revenues.

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[1] One of a series of papers prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, Document 604.

[2] Annexed to this summary paper as tabs were position papers on each of the problems summarized.

6. *Boycott of Blacklisted Tankers:* Lebanon is thinking of boycotting foreign-owned tankers which call at Haifa after loading at Lebanese ports. We disapprove this action.

[Tab 1]

INTERNAL POLITICAL SITUATION

Background

After nine years of rule Lebanon's first President, Beshara El-Khouri, discredited by charges of corruption, was ousted without violence in what Lebanese call their Constitutional or September (1952) revolution. The new President, Camilla Chamoun, is honest and industrious and was one of an eight-man group which led the attack on Khouri. However, he has been under attack by former allies whose political aspirations have not been satiated, by those who are dissatisfied because a millenium has not issued forth, and by those who suffer from the general negative nature of Arab mentality.

During the six months decree law authority, a civil service cabinet promulgated nearly 100 reform measures, including a controversial electoral law. This cabinet resigned on April 27, and is now being replaced by one composed of Deputies and headed by Saab Salaam, a former Premier. Salaam must try to restore confidence in the parliamentary system and see that reforms are carried through and are supplemented. He faces a trying opponent in Kemal Jumblatt, leader of the Progressive Socialists. Jumblatt advocates a Third Force, a socialist administration, and a program far removed from moderation and compromise; he is gaining considerable following.

Common agreement on the necessity for religious equilibrium helps political stability, however. Other elements furthering stability are a mercantile mentality, stemming from Lebanon's Phoenician ancestry, and a high literacy rate owing to well developed educational institutions. There is not much danger that Lebanon will become fanatical like Iran or Egypt. There is some feudalism, but democratic government has a broader base in Lebanon than elsewhere in the Arab world.

[Tab 2]

PALESTINE QUESTION

Background

Lebanese, like other Arabs, resent the creation of Israel, although some Christian leaders are privately not unhappy at establishment of another enclave against the Moslem world. Trade with Israel is also a thought which the mercantile Lebanese consider not uninviting. Officially, Lebanese have no choice but to follow other Arabs on the Palestine issue, and certainly the emotions of the street can arise on the question as easily as in more fanatical countries.

The immense United States reservoir of good will was heavily drained in Lebanon by our support of Israel. Exhortation by the United States and other outsiders for peace with Israel is like waving a red flag to a bull. Moreover, Lebanon refuses adamantly to give residence to 125,000 Palestine refugees now in the country, because they are 80% Moslems and their presence constitutes a threat to Christian supremacy. Without refugees there is unemployment in the Lebanon.

Probable Lebanese Position

It is less rigid than in other Arab states, but many Lebanese unofficially believe eventual peace is attainable with Israel if Israel: (a) guarantees present frontiers with possible minor rectifications in Western Galilee; (b) offers the refugees either repatriation or adequate compensation; (c) agrees to internationalization of Jerusalem.

United States Position

See regional paper. [3]

[Tab 3]

AREA DEFENSE ARRANGEMENTS AND U.S. ARMS AID

Background

While Lebanese leaders privately favor a MEDO, they are powerless to take any step in that direction because popular feeling can be easily stirred against it—particularly as long as Palestine and Egyptian problems exist as overriding irritants.

However, Lebanon has expressed specific interest in securing limited arms aid from the U.S.; to that end, Lebanon has been declared eligible for cash reimbursable military aid, and has signed the necessary assurances, although grant aid would be preferred. Moreover, in a conversation with the American Chargé in October 1952, President Chamoun said "If it ever came to war with the Soviets, Lebanon would be 100 per cent on the side of the West, our harbors would be open to your ships, our airfields to your planes, whether or not we have any kind of treaty or agreement in writing." Of late President Chamoun has made a number of good-will visits around the Near East, during which he has sounded out other leaders and tried to use his influence in promoting a regional defense arrangement with the West, probably within the scope of the Arab Collective Security Pact.

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[3] See the paper on Arab-Israeli relations, *infra*.

Probable Lebanese Position

See regional paper. President Chamoun has stated also that Israeli, Turkish or French troops would never be allowed in Lebanon, nor could Lebanese soldiers leave their own territory.

U.S. Position

See regional paper. The Department of Defense is studying a Lebanese shipping list of arms, preparatory to seeing what items might be made available on a cash reimbursable basis.

[Tab 4]

FUTURE UNITED STATES TECHNICAL ASSISTANCE

Background

Besides military aid, Lebanon seeks technical and economic assistance from the United States on a grant basis. The Technical Assistance program got off to a slow start, but since the inauguration of a "hard to get" policy by the United States last December, we have received good Lebanese cooperation. The program has the largest staff of any in the Arab States—70 technicians—and the projects are varied and numerous. Of particular importance are the engineering survey of the Litani River basin for hydroelectric and irrigation development; the Kasmie Irrigation and Rural Improvement Projects, and the Agricultural Extension Program.

Probable Lebanese Position

The Lebanese now appreciate the long range aspects of technical assistance, and as time passes and benefits appear more frequently, they may request an even larger program. However, they do not possess oil revenues or other substantial capital sources, and they will inevitably seek economic assistance from the United States, as well as from IBRD and other sources, in order to finance aspects of their development program resulting from surveys and other technical advice.

United States Position

Our policy has been to discourage the Lebanese from looking for a handout, while encouraging them to find means of self-financing and to utilize international banking institutions. Simultaneously, we urge the Lebanese to make the best possible use of our technical assistance.

[Tab 5]

LEBANON'S SHARE IN PIPELINE EARNINGS

Background

Lebanon is a major oil terminal for Saudi Arabian and Iraqi crude oil pipelines. No transit or tanker payments were received from pipeline companies during the mandate period. Pipeline payments were initiated after World War II and have been subject to continual controversy since that time. Lebanon now receives approximately one cent a barrel from each of the two companies (Iraq Petroleum Company and Trans-Arabian Pipeline Company), or a total of 2½ million dollars a year.

Probable Lebanese Position

Lebanese officials continue to demand more from the companies. Ambassador Malik has requested $10,000,000 per year; Foreign Minister Hakim has asked for 50 percent of the net profits; the Lebanese discuss the problem sporadically with the oil companies, the United States and United Kingdom Governments, as well as with the other Arab states involved.

United States Position

The problem has not deteriorated to the point where the political aspects override the commercial, and consequently, the United States Government considers the matter one for direct discussion between the oil companies and the Lebanese Government. Respect for negotiated agreements on the part of the Lebanese Government should be the best inducement for further attraction of foreign capital into the Lebanon.

[Tab 6]

BOYCOTT OF BLACKLISTED TANKERS

Background

Foreign Minister Hakim is Lebanon's protagonist in enforcing the Arab League boycott of Israel. Efforts are reportedly being made to prevent foreign-owned tankers which have called at Haifa from loading at Lebanese ports. Concurrently, the Lebanese Government is attempting to enforce the boycott by requesting all airlines to discontinue their services to Israel.

Probable Lebanese Position

Lebanese officials will probably avoid discussion of the boycott. Defense would be along traditional lines that Arabs are still at war with Israel, and that Lebanese are taking advantage of sovereign rights similar to those invoked by United States in China embargo.

United States Position

Advantage should be taken of every appropriate occasion to make clear United States disapproval of Arab boycott measures which make solution of Arab–Israel problems more difficult. Concessions from Israel are more remote in face of increased Arab efforts to strangle Israel economically.

No. 609

611.80/5-953

Department of State Position Paper [1]

SECRET
STA D–1/4

[WASHINGTON, May 7, 1953.]

ARAB-ISRAELI RELATIONS

Arab-Israel differences and the part played by the United States in the establishment and support of Israel contribute very substantially to (a) continued and increasing anti-American and anti-Western sentiment in the Arab world, (b) Western inability to create an atmosphere of confidence, (c) lack of progress in strengthening the defense of the Near East, and (d) delay in improving the fundamental economic and social conditions of the area. The Arab states continue to believe that U.S. policy in the Near East is partial to

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[1] One of a series of position papers on regional problems in the Near East prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, Document 604.

Israel although they are hopeful that the change in Administration in the United States will bring a change in this. They believe that Israel harbors additional territorial ambitions and they fear continued immigration into Israel will stimulate the desire for more territory. A genuine conflict of interest does exist between the Arab states and Israel. If the United States is to be successful in removing Arab suspicions it will be necessary to make substantial efforts in the political, economic and psychological fields. In addition military assistance will have to be made available to the Arab states irrespective of whether Israel likes it or not. Finally it will undoubtedly be necessary for the United States to exert considerable influence on Israel to secure a modification in certain of its policies. This is not an easy matter. Before undertaking any such steps or indeed before making any significant moves which affect the Arab-Israel problem the Executive branch should be assured of substantial support from the Congress and American public.

Israel is unquestionably a vigorous and progressive body politic. Although small and surrounded by hostile neighbors, it looks to a combination of its own prodigious efforts and continued American aid to survive and develop strength. Israel is dependent on U.N. public and private aid and moves from month to month on the verge of financial default. Up to this time, Israel has preferred to consolidate everything it has gained through U.N. resolutions, American support, and force of arms. It has not shown enough real disposition to settle its differences with the Arab world, even though its future well-being depends on establishing satisfactory relations with the states in the area. Israel's attitude toward the Arab refugees is an example in point. It has taken few of them back, has made no provisions for compensation, and has no evident intention of giving up any territory which would support some of them. On the other hand, the Israelis are highly literate, industrious, and relatively free from the diseases which handicap other peoples of the area. In relation to their proportion they are capable of contributing substantial and effective numbers to a fighting force.

Any effort to turn back the clock on the existence of Israel would be unrealistic, politically impracticable, and morally dubious. To date, however, the American partnership with Israel has been a lopsided arrangement, with the United States giving massive aid and support while receiving little or nothing in return. One reason for this situation is the existence of heavy and effective Zionist pressure which has been brought to bear on both the Executive and Legislative branches of the American Government. Courses of action designed to strengthen the overall position of the United States in the Near East have been sidetracked or so cluttered up with "compensating favors" that they have not brought the desired improvement. This imbalance in United States–Israel relationships is the more remarkable since Israel actually has nowhere else to turn save towards the West and cannot, therefore, develop diplomatic counterbalances in its foreign policy.

In order to progress towards a settlement of the principal problems in the Arab-Israel situation, the United States must be prepared to follow policies which do not temporize on the essential issues yet which provide a realistic basis for courses of action on the part of both sides. The principal problems which require an early solution are: (a) the future of the 850,000 Arab refugees; (b) the question of further Jewish immigration to Israel; (c) territorial settlement; (d) the future of the city of Jerusalem; (e) Arab blockade of Israel, and (f) regional defense.

(a) Arab Refugees

There is no single answer to the Arab refugee problem, but by pursuing a series of interrelated policies we may be able to reduce the problem to manageable proportions. We are urging Israel to release blocked Arab accounts and compensate for property left by the refugees. We are seeking to settle as many of the refugees as possible in surrounding Arab territory and are providing some financial assistance for them through UNRWA. We also hope that some refugees may return to Israel and others may be able to immigrate to the Western Hemisphere.

(See Regional Paper on Refugees D–1/2,[2] and Israel Paper[3] on Refugees D–3, Tab 4)

(b) Further Immigration to Israel

Large scale Jewish immigration into Israel would jeopardize any chances of Arab-Israeli settlement. If the potential emigration from the Soviet Union takes place, we should seek to absorb those refugees elsewhere than in Israel.

(See Israel Paper on Immigration D–3, Tab 7)

(c) Territorial Settlement

Solution of this extremely complex problem is at an impasse, since the Arab states unrealistically wish to return to the partition boundaries of November 1947, while Israel wants to retain every bit of land she won through the hostilities of 1948. Although there is no question of accepting the Arab point of view, we think Israel must be prepared to make some concessions. This problem is considered too technical for discussion on this trip.

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[2] Not printed; see the revised paper, STA D–1/2a, *infra*.

[3] Reference is to the Department of State Position Paper, STA D–3, and its Tabs 1–8, Document 605.

(d) Future of Jerusalem

An international regime for Jerusalem could not be imposed without the use of force. Israel prefers a settlement along the present *de facto* lines, and the Arab states might accept such an arrangement if they were to receive certain concessions in return. (For example, Egypt might accept a road link with Jordan.) As a minimum there should be freedom of access to the Holy Places and arrangements should be made to reestablish circulation of goods and people between the two parts of the city.

(See Israel Paper on Jerusalem D–3, Tab 5)

(e) Arab Blockade of Israel

We oppose this blockade, whether it takes form of halting of pipeline operations, blocking Israel-bound traffic in Suez, blacklisting tankers, boycotting airlines or other measures and have urged relaxation of those by the Arab states. We recognize, however, that this blockade is a symptom of the Arab-Israeli tension, and that lasting progress in this question depends upon resolving other, more basic differences.

(See Israel Country Paper on the Arab League D–3, Tab 8 and Egyptian Country Paper D–2, Tab 2 [4])

(f) Regional Defense

If the difficulties between the Western powers and the Arab states concerning the development of regional defense are imposed directly on the differences already existing between Israel and the Arab states, the prospects of resolving either of these issues are slight. It is our policy, therefore, to keep these problems apart. We are seeking to establish a Middle East defense organization based initially upon Egypt. At the same time we are trying to maintain the present uneasy balance of military forces between Israel and the Arab states, so that Israel will not feel impelled to engage in an arms race and the Arabs will not let their traditional hostility toward Israel block cooperation with the West.

We are working on the theory that a settlement of the Anglo-Egyptian dispute and the establishment of a Middle East defense organization will place us in a much better position from which to move on the problem of Arab-Israel peace. The Israelis, however, are very vocally taking the position that Arab-Israel peace must be a pre-condition of the other moves, and will doubtless resort to every possible expedient in order to further this policy.

(See Regional Paper on Defense of Middle East D–1/3 [4])

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[4] Not printed.

No. 610

611.80/5-953

Department of State Position Paper [1]

CONFIDENTIAL [WASHINGTON, May 8 [?], 1953.]
STA D–1/2a

THE ARAB REFUGEE PROBLEM

As a result of the Arab-Israeli hostilities in the spring of 1948, about one million Arabs were driven from their homes in what then was Palestine and became refugees in the neighboring Arab states.

Our efforts toward a solution of the refugee problem are channeled through the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), with headquarters in Beirut. At the Sixth Session of the General Assembly, 49 countries voted for a three-year plan for UNRWA. The three-year period ends June 30, 1954, and commits a fund of $250 million—$200 for rehabilitation and $50 million for relief on a descending scale of annual appropriations.

Progress on the refugee problem, while disappointing has made some headway. The number of refugees registered with UNRWA on January 31, 1953, was as follows:

475,233	—	In Jordan
206,005	—	In the Gaza Strip (held in Egypt)
103,149	—	In Lebanon
85,746	—	In Syria
868,133		

810,000 "rations" are distributed to the group, a "ration" consisting of flour and other foodstuffs calculated to yield 1600 calories daily. The reduction of the relief rolls from approximately one million to 868,133 refugees has been made possible in part through a number of UNRWA's small-scale projects, in part through the initiative of individual refugees who have found employment legally or otherwise and in part through the Agency's more stringent conditions for granting relief. General agreements have been entered into between Jordan, Egypt, Syria and Libya with respect to projects enabling refugees to become self-supporting. The Syrian agreement is designed to furnish self-support opportunities so that the refugees in that country will no longer require relief from UNRWA. Large scale irrigation projects in Jordan are being planned to remove substantial numbers from relief rolls—estimates vary from 100,000 to 300,000 (see paper entitled "Outstanding issues between Jordan–Israel in Connection with Use of Waters of the River Jordan"). [2] At present it looks as though Lebanon offers little opportunity for absorbing permanently the 103,000 refugees in the country, but the government has indicated tentatively that it might consider settling 20,000. Current negotiations with Egypt look toward projects in the Sinai to provide employment for approximately 70,000 Gaza refugees. The UNRWA has an agreement with Libya to settle 1,200 families in that country. Iraq has taken responsibility for its 4,000 refugees, and these no longer are listed on the UNRWA relief rolls.

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[1] One of a series of position papers on regional problems in the Near East prepared for the briefing book for the Secretary's trip to the Middle East and South Asia; see footnote 1, Document 604.

The refugees are an embittered group, subject to subversion, for obvious reasons.

John B. Blandford, Jr. has resigned as Director of UNRWA and pending the appointment of a successor who will be an American, British Deputy Director Leslie J. Carver is Acting Director.

U.S. Position

We must acknowledge that the task of settling the refugees cannot be completed by June 30, 1954, the end of the three-year period, and we must shortly lay the groundwork for an extension of this program, which course will involve eventual action in the General Assembly. The initial extension should be for perhaps two years, though we recognize it will require much longer to settle the problem.

An eventual solution requires:

(1) Possible territorial concessions by Israel, and agreement by Israel to relinquish claims to a substantial volume of the Jordan waters or some arrangement for the cooperative development of the Jordan and Yarmuk waters. This could be the moral equivalent of partial repatriation. Alternative to the above may be partial repatriation.

(2) A determination by the UN, backed by the United States and the United Kingdom, to continue programs looking to economic development in the Near East, from which the refugees can benefit.

(3) An extension of direct economic development assistance by the United States to Syria, Jordan, and to other nations willing to provide homes to the refugees, so that the native populations can see benefits accruing to themselves as well as to the refugees.

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[2] Not further identified.

(4) Preparation by Israel for payment of its debt, for compensation, and continued efforts to appraise this debt by the UN. Expeditious payment of all blocked refugee accounts in Israel.

No. 611

684A.85/5-853: Telegram

The Consul at Jerusalem (Tyler) to the Department of State [1]

SECRET JERUSALEM, May 8, 1953—2 p. m.

150. It is not MAC which needs enlarging (Deptel 59) [2] or changing but attitude of Israel and Jordan who established it in article 11 of armistice agreement to rule on compliance both parties with that armistice. Both sides should:

(1) Cease using MAC as propaganda scoreboard to expose evil acts of other.

(2) Discipline its own individual offenders when found. Punishment may not always be necessary as understandable fright may cause an illegal shot and unwitting crossing line very easy here.

(3) Where national prestige and security reasons allow, show good faith and admit in MAC just complaints of other side. Israel is especially prone to rush in counter claim for the record to every Jordan complaint.

Observers have difficult job at best and by time they reach scene of incident clear evidence not always available and evidence can and has been faked. Small wonder De Ridder has to abstain from voting on many complaints for lack of convincing evidence. Israel's denunciation of him as biased because he does not vote for Israel is to be condemned.

(4) Israel should cease yelling "infiltrator" before adequate time has elapsed for investigation, and stop calling on MAC observers for work that is primary responsibility of Israel police for crimes committed inside Israel. MAC not police force, and to criticize MAC for not doing work it is not supposed to do shows ignorance or deliberate undermining of UN prestige in area for reasons that are at best obscure. I reiterate that if Israel sincere in her protestations against infiltrators her stubborn refusal to reinstate local commanders agreements, the best method of controlling it discovered so far, not understandable (Contel 131). [3]

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[1] Repeated to Amman, Cairo, Tel Aviv, Beirut, Damascus, Baghdad, London, and Paris.

[2] Printed as telegram 962 to Tel Aviv, Document 600.

[3] Not printed.

(5) When Israel police have fingerprints, bits of clothing or other evidence they feel point to infiltrator they should give such evidence to Jordan MAC delegates with request for investigation (not done in Genauer case—Contel 143).[4] Jordan would be admittedly reluctant to find its own citizens guilty but it does not want murderers wandering around Jordan unpunished.

UN itself can help bring about increase in prestige of MAC by appointing press officer who, while withholding names of observers and certain gruesome details tending to inflame public, would publish correct version. MAC decisions are now known to both Israel and Jordan authorities who varnish them for propaganda purposes. A UN press officer could do much to tone down some of the purple prose of Nashashzbi and the frequent distortions of fact and worse, the building up of tension and fear, appearing in Israel press.

TYLER

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[4] Not printed.

No. 612

684A.86/5-1353: Telegram

The Ambassador in Jordan (Green) to the Department of State[1]

CONFIDENTIAL PRIORITY AMMAN, May 13, 1953—2 p. m.

962. Foreign Minister in conversation with me and Counselor of Embassy May 13 formally confirmed and elaborated statements made in earlier brief conversations I have had with him and with Prime Minister in regard position Arab Governments have agreed to take in conversations with Secretary State concerning possible peace with Israel. He said that meeting of Foreign Ministers in Cairo had unanimously decided that only basis of peace which could be considered is complete implementation of all United Nations resolutions on Palestine beginning 1947.

I suggested that Arabs might lose golden opportunity if they gave Secretary of State impression that they were unanimously intrasigent and unwilling to consider compromise or negotiation and I urged a more reasonable attitude. He was rigid and adamant stating that he was enunciating fixed determination of HKJ on this subject.

This attitude differs widely from attitude of former Prime Minister, former Minister of Defense and ex-senior Regent as previously reported. I surmise that Cairo meeting crystalized policy in an atmosphere in which no representative of any Arab state dared be reasonable lest he appear less patriotic and less anti-Israeli than the others.[2]

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[1] Repeated to Tel Aviv (for Secretary Dulles), Cairo, Beirut, Baghdad, Damascus, Jidda, and Tripoli.

GREEN

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[2] Green reported in telegram 968, May 15 (684A.86/5-1553), that after his conversation with the Foreign Minister, influence was brought to bear on the Prime Minister in the hope that he might moderate his views. Green noted that a reflection of this influence appeared in the conversation he and the Secretary had with the Prime Minister on May 15: Instead of insisting on "implementation" of all U.N. resolutions from 1947, he spoke of U.N. resolutions as the "basis for negotiation." (See the memorandum of conversation of May 15, Document 15.)

No. 613

110.11 DU/5-1953

The Secretary of State to the Israeli Prime Minister (Ben-Gurion)[1]

SECRET [TEL AVIV, May 18, 1953.]

Subject: Paraphrase of Secretary Dulles' Personal Message to Prime Minister Ben-Gurion

For security reasons the Embassy was unable to deliver the Secretary's personal message to Prime Minister Ben-Gurion in the form in which it was received (Damascus reference telegram). An *aide-mémoire* containing the following paraphrase of the message was left with Foreign Minister Sharett May 18:

During our conversations you expressed your concern over the deterioration of border conditions between Israel and Jordan. You will recall that I shared that concern.

I have found in my talks in Jordan that Jordan officials are also concerned over this situation which all agree is both irritating and politically dangerous.

It is my feeling that the government of Jordan, as a means of reducing the tension, might welcome the reinstitution of the local commanders agreements.

I believe also that, at this particular stage and in view of their local scene, Jordan would prefer to have any meetings at that level rather than at higher levels of government.

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[1] The text of this personal message from the Secretary, as delivered on May 18 in an *aide-mémoire* to Foreign Minister Sharett, was sent to the Department by Tel Aviv on May 19 in despatch 1193. (110.1 DU/5-1953) The fact that the message was delivered was reported in telegram 1766 from Tel Aviv, May 19. (110.11 DU/5-1953)

I would like to express the hope that you will consider seriously whether initiative by you at this time might not result in the reinstitution of these agreements to ease the situation on the border.

[John Foster Dulles]

No. 614

684A.85/5-2253: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, May 22, 1953—6 p. m.

1782. At meeting yesterday at his request Foreign Minister Sharett informed me of attack few nights ago on car traveling Jerusalem-Tel Aviv road. Gave following details: Approximately 1:30 a.m. night of May 19-20 car traveling from Jerusalem to Tel Aviv containing no passengers caught in automatic fire between Shaar Hagai (Bab el Wad) and Shariff. Car hit about 20 times and driver wounded. No empty cartridges yet found. Foreign Minister said military censorship invoked to keep out of press item "which would have tended create atmosphere of panic". (US protest has been lodged with MAC.)

Foreign Minister also reviewed other border incidents during month of May.

Firing at that traffic along road, he asserted, was serious matter that meant road no longer safe at night and communications with Jerusalem endangered. He recalled that similar situation had been faced between 1936 and 1938 and more seriously between 1947 and 1948 ("that is why we fought"). If this kind of incident continues, he asserted, Israel will have to consider itself "in state of war" and will have to take appropriate action to defend itself. "May have to occupy one or two spots to control places adjoining roads so that flanks of road are under effective protection", he explained. Added that he making these observations with full realization of seriousness of what he was saying and of incidents. Concluded that while Israel not anxious precipitate problem, continuation such incidents would make position "untenable".

Pointing out that above situation one of the complex of many problems in the Middle East to which Secretary Dulles presently giving his attention, I expressed hope Israel would exercise restraint in order give Secretary and Department opportunity to study these problems on basis Secretary's conversation with leaders of Israel and her neighbors. I pointed out that action of future foreshadowed in his remarks would result in greater loss of life and have more serious results than continuation to be considerd separate and apart from answer to Secretary Dulles personal message to Prime Minister Ben-Gurion (Embassy telegram 1766) [2] which he hoped have in few days.

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[1] Repeated to Amman, London, Paris, and Jerusalem.

British Ambassador informs me Foreign Minister gave him statement similar to above.

Comment follows.

Russell

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[2] Not printed, but see footnote 1, *supra*.

No. 615

683A.85/5-2253: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, May 22, 1953—7 p. m.

1783. Embassy suggests Foreign Minister's statement (Embassy telegram 1782) [2] be evaluated in light of:

1. Israeli belief that Jordanese are permitting infiltration and border incidents as a deliberate tactic in effort to harass and weaken Israel.
2. More evidences Israel Government and public have been finding psychological pressure of enmity of Israel's neighbors (Embassy telegram 1708) [3] and increasing concrete manifestations of perilous economy hard to bear. Israel Government may have decided better bring situation to head, realizing risks involved but prepared to take those risks, and being more or less confident that with careful engineering Israel Government would emerge in stronger position.
3. Press statements: *Hatzofeh:* "Borders must be defended permanently and effectively"; *Jerusalem Post:* "Arab Governments will do nothing constructive unless compelled by pressure of external forces"; occasional statements in Right Wing extremist press referring to Israel's ridiculous borders"; and statements by Israeli officials and other leaders in conversation that reprisals necessary.
4. Impossibility of telling what is cause and what effect recent incidents both sides of border. (Amman telegram 98 to Department.) [3]
5. Israel Government apprehension concerning United States policies which might emerge as result Secretary's trip. Action foreshadowed by Sharett yesterday may be gambit Israel Government

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[1] Repeated to Amman, London, Paris, and Jerusalem.

[2] *Supra.*

[3] Not printed.

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to assume initiative in forcing developments along lines its policies rather than waiting for policies emerge from Secretary's discussions.

6. Statement of respected and responsible Israeli journalist recently replying to query from French representative as to why Israeli press so actively and unanimously stirring up public on border situation. "Must understand Israel dependent for its existence first on American Jewry who in time of crisis prepared give unlimited support but who, when things calm, tend to forget about Israel; and secondly, on USG which is adversely affected by crisis psychology. It is a hard dilemma."

7. Temptation for Israel Government to use Bab El Wad incident: as laying groundwork for possible turndown of Secretary's request to Prime Minister to reinstate local commanders' agreements; to lend point to arguments which had been advanced in conversation with the Secretary concerning Israel's problems with its neighbors; to dramatize need for high level discussions on border problems.

Embassy recommends Israel Government be informed:

1. We recognize that the Israel–Jordan border situation constitutes a most serious situation and we will support steps which we regard as making a contribution to the solution of the problem.

2. We feel Secretary's trip this area offers opportunity for constructive approach to many interlocking problems of which border situation is one and that Israel Government action suggested by Foreign Minister would seriously lessen possibility success this approach.

3. United States would regard action of kind contemplated by Foreign Minister as aggression and tripartite powers would have to act accordingly.

4. United States economic and military aid policies would have to be reviewed in light of any such developments.

RUSSELL

No. 616

684A.86/4-2453

The Acting Secretary of State to the Israeli Ambassador (Eban)

[WASHINGTON,] May 25, 1953.

DEAR MR. AMBASSADOR: Thank you for your letter of April 24 enclosing a copy of a memorandum entitled "Notes on Border Incidents Along the Israel Frontier", [1] which was the subject of your visit with Mr. Byroade April 22.

I have delayed replying pending the determination of responsibility for the April 22–24 incidents. The receipt of General Riley's report,[2] just released by the United Nations, indicates that it has not been possible to fix the responsibility.

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[1] Document 596.

It may be of interest for you to know, and thereby see the extent of the problem, that at approximately the same time you were calling on Mr. Byroade, Jordan officials in Amman were protesting Israel's attacks and requesting that we (as a Tripartite Declaration signatory) use our influence to keep peace and order along the Jordan–Israel frontier.

I believe that my remarks to you of last February counseling your Government to refrain from retaliatory action by Israel forces against neighboring states, are still good. Further steps toward maintaining border peace could include restoration of the local commanders agreement, as suggested by General Riley and accepted by the Jordan Government, and by high level discussions on the whole border problem as advocated by General Riley and accepted by the Israel Government. I am confident your Government will cooperate fully in making a success of any discussions that may be arranged and that your Government will continue to make full use of, and cooperate with, United Nations organizations established to investigate violations of the armistice agreements.

Please convey my warm greetings to your Prime Minister.

Sincerely yours,

WALTER B. SMITH

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[2] U.N. doc. S/3007.

No. 617

684A.85/5-2553: Telegram

The Chargé in Israel (Russell) to the Department of State[1]

SECRET PRIORITY TEL AVIV, May 25, 1953—3 p. m.

1787. Embassy has been requested by Foreign Ministry to transmit following personal message dated May 24 from Prime Minister Ben Gurion to Secretary Dulles in reply to Secretary's message (Embassy telegram 1766 and Embassy despatch 1193, March [*May*] 19):[2]

"I fully understand your anxiety about the security situation on the Jordan border.

"The problem is one of large-scale banditry and frequent murders on Israel soil by armed marauders from Jordan.

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[1] Repeated to Jerusalem, Amman, and Tripoli (for Secretary Dulles).

[2] Neither printed, but see footnote 1, Document 613.

"It can only be effectively handled (a) if the Jordan Government accepts responsibility for preventing unauthorized crossings of the lines by its nationals, as we are willing to do for our nationals (b) if the central authorities of Jordan adopt and enforce a system of basic preventive measures. In March, at Jordan's request, we handed them a memorandum outlining the measures we think are needed. Jordan promised to study these proposals, but to this day there has been no reaction to them (c) if the two governments consult each other at a proper level to coordinate their efforts. As far back as January, we proposed a high-level meeting. On 23 April General Riley renewed this proposal. My government agreed forthwith. Jordan has failed so far to respond.

"Experience has shown that the agreements which provided for local commanders meetings were an ineffectual palliative, because they could only deal with isolated incidents and then only after their occurrence, and therefore did not attack the evil at its roots. Local commanders meetings can help to implement, but cannot be a substitute for, more general measures to be agreed upon in high-level discussions.

"In response to your personal appeal, and in order not to neglect any chance of helping the situation, we are prepared to have the local agreement renewed. The terms will have to be adapted to present circumstances. I must add that unless Jordan accepts full responsibility for keeping its nationals on the Jordan side, it is doubtful whether the agreement can be efective, though we will do everything in our power to make it so."

Embassy comments follow.

RUSSELL

No. 618

684A.85/5-2553: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, May 25, 1953—6 p. m.

1791. Expression of willingness renew local commanders agreement (Embassy telegram 1787) [2] appears to have been personal decision Prime Minister not shared by some of his close advisers. British Ambassador says that when Foreign Minister saw him May 21 (Embassy telegram 1782) [3] latter said he "saw no reason why Israel Government should agree to Secretary's suggestion." British Ambassador says he made strong statement support Secretary's request but had no reason to believe he made any impression.

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[1] Repeated to Jerusalem, Amman, and Tripoli (for Secretary Dulles).

[2] *Supra.*

[3] Document 614.

Wording of final paragraph Prime Minister's message (Embassy reference telegram) somewhat ambiguous. May refer to situation existing when local commander agreements terminated. General Riley yesterday afternoon in half hour private talk I had with him described that situation as follows: Israel Government insisted terms of local commander agreements be changed before it would agree to reinstituting them. Jordan took position it willing to discuss changes in agreement if they reinstituted but not willing be in position of being forced to agree to changes as pre-condition of reinstitution. Riley at that time urged Israel to agree to reinstitute for sixty days during which time discussions could take place on possible amendments. Israel Government refused.

Yesterday afternoon at reception given by Riley at government House (after my talk with him) attended by Sharett, Eytan, Comay and Makleff, they mentioned to him exchange of messages between Secretary and Prime Minister. He urged them to agree to a brief indeterminate reinstitution of agreements which could be followed immediately by discussion of changes in "terms adapted to present circumstances."

Director General Foreign Ministry Eytan this morning told me discussions between Makleff and Riley were continuing and that Makleff was working on "practical suggestions" for reinstituting the agreements.

Russell

No. 619

684A.85/5-2653: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, May 26, 1953—4 p.m.

1795. Reference Embassy telegrams 1791,[2] 1787,[3] 1783,[4] and 1782.[5] Tension Israel–Jordan border remains high. Emergency meeting Israel–Jordan MAC scheduled today. Problem of border security main item of May 24 meeting Israel Cabinet at which report supposedly made on establishment special frontier police force as separate unit within Israel police force.

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[1] Repeated to Jerusalem, Amman, London, and Paris.

[2] *Supra*.

[3] Document 617.

[4] Document 615.

[5] Document 614.

While Embassy believes United States and other tripartite powers should under no circumstances countenance proposed Israel action reported Embassy telegram 1782, it is important we continue efforts reduce basic cause of present tension. Prime Minister's expression of willingness renew local commanders' agreement (Embassy telegram 1787) is step forward, however small and offers possible opening for further steps ameliorate present state of Israel-Jordan border relations.

Israel leaders state their belief that present situation on border is result of deliberate Jordan policy encourage, through inactivity, harassment of Israel by infiltrators and cite as confirmation failure Jordan reply to memorandum on infiltration (Embassy telegram 1515)[6] and reluctance Jordan Government accept Riley suggestion for high level meetings. Opinion advanced by some that Jordan behavior is part of coordinated Arab strategy to weaken and eventually destroy Israel and that through infiltration Arabs have found means of in effect engaging in warfare without risking full consequences.

Police and Military leaders express belief that much of recent killing and stealing committed by organized gangs operating out of Jordan, some of which engaged only in robbery, others in robbery and incidental killing and some with purely political motivation engaged primarily in killing. As instance of former Inspector General Israel Police Sachar says Genauirs (Embassy telegram 1636)[7] were killed by three members of Arab gang active in New City Jerusalem area for past three years who have customarily combined robbery and killing. As instance latter, believes killing of two soldiers Tel Mond (Embassy telegram 1550)[8] and Azriel crime (Embassy telegram 1715)[7] committed by gang financed by Mufti, "interested only in murder" and "under operational leadership of doctor and Arab Legion officer married to British subject". Usual response to queries as to whether Israel makes such information available to Jordan authorities through MAC is in negative, accompanied by argument "it would do no good" which fact "only makes police and army task more difficult". Contention is that when local commanders agreement was in effect Jordan authorities reluctant follow through with preventative measures, arrests, and adequate punishment.

Even if above Israel beliefs are exaggerations (General Riley tells me he not able form firm opinion concerning Israel police contention re organized gangs), would seem desirable encourage Jordan meet directly present Israel lack of confidence in Jordan motives. Department may wish use Prime Minister's reply to Secretary (Embassy telegram 1787) to call attention Jordan Government to Secretary's personal intervention and express hope Jordan Government will cooperate and endeavor demonstrate that Israel contention Jordan unwilling take effective action against guilty parties has no foundation in fact. At same time we should urge Israel as its contribution to more effective implementation local commanders agreement to provide Jordan authorities information it states it has re identity of persons committing crimes from Jordan territory.

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[6] Not printed, but see footnote 4, Document 595.

[7] Not printed.

[8] Not printed, but see footnote 2, Document 593.

RUSSELL

No. 620

684A.85/5-2753: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET NIACT WASHINGTON, May 27, 1953—7:31 p. m.

1059. RefDeptel 625 Amman, 770 Tel Aviv, 40 Jerusalem, 5372 London, 4389 Paris, February 12 [2] and recent tels Amman Tel Aviv Jerusalem re Jordan-Israel border situation.

1. Department continues believe solution Israel-Jordan border violations lies in concerted effort both parties reach permanent workable arrangements faithfully implemented by both sides with policing and necessary investigations by MAC.

2. Department not in position determine responsibility recent incidents but from record to date Israel appears bear at least its share circumstantial responsibility for current tension since incidents cited Amman's 979, 984, 992 and 1001 [3] are *prima facie* more serious than Shaar Hagai and Shariff incidents reported Tel Aviv's 1782. [4] Should Israel "occupy one or two spots" now occupied by Jordan USG would probably consider this as requiring action under Tripartite Declaration. Department approves Russell's remarks to Sharett (Tel Aviv 1782) and authorizes IG be informed of above plus first two points recommendation Tel Aviv's 1783. [5]

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[1] Repeated to Amman as telegram 952, to Jerusalem as telegram 69, to Tripoli (for Secretary Dulles), and to New York; sent by air pouch to London, Paris, Baghdad, Beirut, Cairo, Damascus, and Jidda.

[2] Document 567.

[3] Dated May 19, 21, 22, and 26, respectively; none printed.

[4] Document 614.

[5] Document 615.

3. Department pleased to note Israel has accepted Secretary's suggestion that Israel agree to reinstitution local commanders agreement with Jordan but concerned that such acceptance conditioned by adaptation terms "to present circumstances". However, believing recognizing Israel's act is step forward, it is hoped both parties will fully implement agreement.

4. Without disclosing details Amman may inform HKJ U.S. has made serious representations to IG re border situation and that it considers over-all border problems should be discussed in high level Jordan–Israel talks. Department understands Israel already indicated willingness undertake such discussions and, since Israel has shown evidence of good will regarding local commanders agreement, Embassy Amman should now urge Jordan Government reciprocate by agreeing to high level talks. Department informed British Ambassador Amman instructed make similar representations Jordan Government.

5. FYI Department is confidentially informed Israel intends replace present military forces along Jordan frontier, which are changed often, to civil police who will make their homes in vicinity and thus present degree permanence to enforcement machinery. Similar system by Jordan might contribute success local commanders agreement.

6. Since neither Israel nor Jordan have taken full advantage UN machinery for airing border situation in Security Council, USG now considering advisability of taking initiative in raising in Security Council question of strengthening UN machinery. USG expects consult UK and French near future. Comments requested. End FYI.

SMITH

No. 621

684A.85/5-2953: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, May 29, 1953—12 a. m.

1827. Called on Foreign Minister Sharett yesterday afternoon and expressed views re border situation pursuant Department's telegram 1059. [2]

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[1] Repeated to London, Amman, and Jerusalem.

[2] *Supra.*

In reply Foreign Minister said he would call my statement attention Prime Minister Ben Gurion. Gave following as own "off-hand reactions":

Re point (1) reference telegram, while Israel had placed emphasis on responsibility of Jordan in matter because of its belief that main onus for tension here, Israel unreservedly subscribed to doctrine that concerted effort both sides reach permanent workable arrangement was key to solution.

Re sentence on point (2) commented that even if for sake of argument it were assumed that Israel was responsible for certain incidents, fact that it was "reaction to provocation from other side of attempt stem tide of lawlessness" should be borne in mind. Except as such reaction can be argued, Israel has not taken initiative to venture into neighboring territory. He contended therefore that if this point were taken out of context and made to suggest there has been "undiscriminate series of attacks by both sides" for which both were equally to blame, it would "be a serious misreading".

Re rest of point (2) reference telegram, Foreign Minister stated he was glad to say thus far no repetition of attacks arose and he was "taking full note of our position without for time being adding or retracting".

Re point (3) reference telegram, Foreign Minister stated that while Israel was naturally interested in adapting terms of local commanders agreement to present circumstances he did not wish this tendition [*condition?*] to be viewed as "obstructive". Israel's emphasis, as Department's, is on reinstitution of agreement. At moment formula is being worked out for presentation to General Riley and Sharett said he would do his best to hasten matter.

In conclusion I pointed out that at present heart of problem is gravely disturbing episodes along border and that it is essential that break be made in present chain of action and reaction. Failure exercise necessary restraint, I stressed, would jeopardize success Secretary's efforts to help in arriving at solution of pressing area problems.

RUSSELL

No. 622

611.80/6–953

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

SECRET [WASHINGTON,] June 9, 1953.

Subject: 1) Discussion of Secretary's Speech of June 1 [1] (Arab resentment, Israel expansion, resettlement of refugees, defense organization, Israel territory); 2) Military Aid; 3) Military Missions to Israel; 4) Jerusalem; 5) MSA Program.

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[1] For text, see Department of State *Bulletin*, June 15, 1953, pp. 831–835.

Participants: Ambassador Abba Eban
Mr. David Goitein
Mr. Byroade—Assistant Secretary
Mr. Waller—NE

Ambassador Eban opened the conversation by saying he would like to express some frank reflections and in turn obtain clarification of some parts of the Secretary's recent address. He said the speech shows there is general unity of policies between the two governments, particularly on the character of the relationship, the need for peace in the Near East and the general approach to peace. There were some points, he said, regarding which the Israel Government would prefer to go somewhat further than the United States, such as the settlement of all the refugees in Arab countries and the concept of peace as a prerequisite to a defense organization, but these exceptions only emphasized the extent of the points of agreement.

There were three points concerning which the Israel Government would like clarification. These were:

(1) Arab resentment toward the West, and the United States in particular. The Israel Government does not question the existence of the resentment, but it questions the justification for it. He said that several Arab states have been created in recent years such as Jordan and Libya, and there was no opposition or resentment by Israel or by any other country. Israel's national independence should therefore not be a matter of concern to others. During the period of Israel's national existence, neighboring countries such as Jordan and Egypt have even expanded their boundaries.

The Israel Government believes that the Arab states owe the West, particularly the United States, a great deal of gratitude for the benefits they have obtained in contrast with the relative benefits for Israel. The main point which he wished to emphasize, he said, was that by pointing out to the Arabs that they have cause for resentment will only confirm in their minds justification for the resentment.

(2) Arab fears of Zionist expansion and aggression. Ambassador Eban pointed out that it was the Arabs who made the war by invading Palestine and it is the Arabs who refused to make peace with Israel, not vice versa. He suggested that the United States might alleviate to some extent Arab fears of Israeli aggression by expressing our confidence that Israel has no aggressive intentions. He continued by saying that if the Arabs wish guarantees, they could have them any time in a peace settlement.

(3) Resettlement of refugees. The Israel Government believes that the Arab world must undertake its responsibilities toward the refugees and resettle them in Arab countries. He said that Israel's refusal to agree to the return of refugees is primarily because of security reasons and to a minor extent economic.

The Ambassador then asked for an interpretation of "inter-related" as used with reference to a defense organization and of the phrase "territory under Israel control". He wondered whether the first had some reference to the Arab League Collective Security Pact and said with regard to the second that Israel does not have any territory not sanctioned by treaty or agreement and that the present Armistice lines are guaranteed by the tripartite powers and by the Security Council.

Mr. Byroade said he was grateful that the Israel Government had found in the Secretary's speech so many points for reassurance. He felt it was unfortunate that the speech as originally drafted was too long for the radio time allotted and had to be cut by several minutes. He also felt it was unfortunate that a trip of the kind just completed could not have permitted the party to visit Israel first and then again as the last country. However, he said, he could reassure the Ambassador on some points. The first pertained to resentment in the Arab world. He felt that the Ambassador's reference to the need of a counter-balance to Arab criticism was well taken. The American audience wanted to know the facts, however, and the Secretary's intention was to provide those facts. He said that if only Israel and Arab relations were concerned, the problem would be relatively easier. What is at stake, however, is the possible loss of all Western influence in the Middle East, including oil, airfields, etc. The decline in influence has resulted partially from Western support of Israel, and we are quite concerned about it. He said that Arab resentment against the West and especially the British is worse now than last year and it is so serious that warfare may break out in Egypt at any time. The American people and the American Congress should realize that the United States and the West is not in a position to exert much influence on the Arab world today. It is in Israel's interest, Mr. Byroade said, to have us retain a position of influence in the area, and Prime Minister Ben Gurion has wisely recognized this.

With regard to Israel expansion, Mr. Byroade said that in his opinion the Arabs are not greatly concerned over the short-term; they are not worried about Ben Gurion and Eban and their contemporaries. The Arabs do believe, however, that one day Israel will be forced to expand. There is the feeling in the Arab world that if, for example, the Soviet Union should permit the departure of Jews from Communist countries and if they should find their way to Israel, Israel would be forced to expand its frontiers to make room for them. He said he did not know how to allay the Arab fear, but we must keep trying.

The use of the expression "territory *now under* Israel control" was an accident of drafting and had no hidden significance. The

Secretary apparently feels that peace cannot be achieved unless the back of the refugee problem is broken. Settlement of refugees along the lines of present endeavors is not going to work because, for example, Syria cannot settle refugees on a higher standard than that of the present population. Future settlement must be in such a way that the camp or locality cannot be labelled "refugee". Further, we know now that available water is sufficient for not more than half the present number of refugees. Therefore, the Secretary feels that if there are areas in Israel where the refugees could be settled, as in hill areas, it is in the interest of all to cooperate. He emphasized that we were not thinking specifically in terms of Western Galilee, the Negev, or in numbers such as 50,000 or 100,000 or any other number. We are thinking of the possibilities in general terms only.

Mr. Byroade said, with reference to a defense organization, that it was immediately evident on reaching the field that the past concept of a Middle East Defense Organization would not work at the present time. That decision had actually been reached in the Department some six months ago. In Egypt it was apparent that the East-West conflict was happening on another planet so far as the Egyptians were concerned. In Iraq the situation was somewhat different because Iraq fears for her northern frontier. The Iraqis tell us that they cannot wait forever on Egypt for a defense organization. They need help and Mr. Byroade said he did not see why we should not extend military aid to Iraq in a modest way. Pakistan also offered important possibilities. The amount which the Department hoped to get for the area ($100,000,000) must be spread all the way between Libya and Pakistan and it is thus evident that this amount would not create a powerhouse anywhere.

Mr. Byroade said he did not believe military aid should go to Syria in great amounts as long as the Israeli situation exists and that we no longer believe that military equipment should go to Egypt as long as the trouble with the British remains unresolved. Instead we are thinking more of strengthening the mountain pass states in the northern part of the area.

For Israel, Mr. Byroade said that he would like to see some of the funds used in Israel for construction of strategic roads, for port improvements, etc., but not for anything in combat terms. He emphasized that he was not quoting from any plan but was merely expressing thoughts that developed during the recent trip.

Ambassador Eban asked whether the concept for defense would be to find states willing to cooperate. He felt it would not be prudent to consider a state having anti-Israel sentiments and supply to that state the missing element for aggression, namely arms. Mr. Byroade replied that the Ambassador's analysis would depend on the situation, e.g., if we could have prevailed on the British to move more rapidly, and if we would have given Egypt some small arms aid after the Sudan agreement, we would probably not be in our present impasse in Egypt. In any event, Iraq and Pakistan offer the main prospects for beginning a defense arrangement. We have not given up the desirability of having a regional defense arrangement of some kind, but until that can be achieved we plan to concentrate on individual states.

Ambassador Eban thanked Mr. Byroade for his clarification of the Secretary's address and asked if he could take up some other matters. He said that in discussions between the Pentagon and Israel Embassy officials, it was apparent that there was great interest in the Pentagon in Israel's military potential. In the past all United States military missions to the Near East had stopped short of Israel and Israel was beginning to get the feeling of being boycotted. Lt. General McAuliffe and Major General Eddleman are planning a trip to Greece and Turkey in the near future and have expressed a willingness to go on to Israel. The Israel Government has invited them and would like to have the Department of State's "no objection" to it. Mr. Byroade expressed doubt that the Greek-Turkish team would be the best one to visit Israel and suggested that General Hull might more appropriately visit Israel. He said that it had been planned for General Hull to visit the Near East but it had been postponed because of the Secretary's trip. He thought it might be possible for General Hull to make the trip early in August, but he would like to think a little more about it. The purpose of General Hull's visit would be to see what can be done toward the defense of the area.

Mr. Byroade said that the Secretary believes that something should be done with reference to Jerusalem. Although there is no plan, he feels that this question should have about the same priority as the settlement of the Arab refugees. The Secretary realizes that any plan for Jerusalem must not be too disruptive to Israel and Jordan and cited as an analogy the New York Port Authority which operates ports, tunnels and other facilities by an agreement between the States of New York and New Jersey.

Ambassador Eban said he had one more matter, namely, the mutual security program for Israel. He said that approximately $6,000,000 remain in MSA funds for the present fiscal year. The Israel Government would like to use this money for debt retirement, rather than for the regular program. It could apparently be authorized by MSA with some slight change in administrative procedure. In support of the request he wanted Mr. Byroade to know that figures would be supplied the Department and Mr. Stassen's office tomorrow. Mr. Byroade said he would do whatever he could under existing authority but it would not be possible to ask Congress for anything requiring additional legislation. He concluded by emphasizing again that he was indulging in a purely informal exchange of views on a number of subjects and that his thoughts were not necessarily firm on any of them; also that he had spoken much more frankly than with any other representative from the area and he hoped Ambassador Eban would bear this in mind in reporting the conversation to his Government.

No. 623

885.211/6-953: Telegram

The Secretary of State to the Embassy in Jordan [1]

SECRET WASHINGTON, June 9, 1953—6:12 p. m.

976. From Secretary and Stassen. Following our visit to area we have given much thought question Jordan–Yarmuk development, which we recognize is of great importance. We are convinced this development is essential part any settlement refugee problem and that it should be carried forward as fast as possible. We are determined that its execution shall provide greatest good to greatest number and that decisions shall be based strictly on merits taking into account political well as economic and social realities in area concerned.

Much as we would like take some prompt dramatic action as concrete evidence US positive interest we have reluctantly come conclusion this not yet possible. We need more factual engineering data (which we expect TVA study to provide) before we can determine course action on riparian rights issue and it does not appear that commitments on major construction can be made until both TVA study and TCA engineering surveys on spot are further advanced. We believe we must take into account both physical facts of geography and interests of Israel and Arab States in determining best use limited water resources involved. Jordan obviously must carry out proposed agreement to assure reasonable refugee benefits, which agreement should make concessions by Israel on riparian rights easier to work out, particularly if Jordan also agrees to equitable division basin waters among riparian states.

For moment therefore believe probably only concrete action possible is to proceed with detailed surveys in Jordan as proposed by TCA making use of engineers to consider alternative water development proposals and phasing of plans and designs. As soon as adequate data available we intend direct intensive study rights and interests of riparian states together with possibility of incorporating Litani in regional water development scheme as suggested by Israel.

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[1] Approved for transmission and signed personally by the Secretary. Repeated to Beirut and Tel Aviv, and by pouch to Cairo, Baghdad, and Damascus.

Please be sure we and our staffs will give this whole problem earnest continuing attention.

DULLES

No. 624

684A.85/6-1153

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Secretary of State's Assistant (O'Connor) [1]

CONFIDENTIAL [WASHINGTON,] June 11, 1953.

Subject: Publicity Regarding Messages to the Prime Ministers of Jordan and Israel

Following our telephone conversation, I have consulted the Office of Near Eastern Affairs about the desirability of issuing some form of press statement to point up the signing of the "Local Commanders Agreement" between Jordan and Israel. NE recommends, and I concur, that we do not attempt to publicize this development. To do so would run the risk of bringing adverse pressure from the other Arab States, and from the people of Jordan itself, on the Jordan Government.

While the Arab States are from time to time willing to do reasonable things in their relations with Israel, they ordinarily do them only when acting alone and quietly. Experience shows that collectively the Arab States are much more intransigent than singly. In public and among themselves each Government feels obliged to be more uncompromising than the next in its attitude toward Israel.

The publicity attendant on a special message from the Secretary of State, if it were released, would probably have an additional disadvantage of implying that the agreement was negotiated under

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[1] Sent through the Executive Secretariat. Attached to the source text was a draft statement for the press expressing gratification at the reinstitution on June 8 of a Local Commanders' Agreement between Jordan and Israel under the auspices of the Jordan-Israel Mixed Armistice Commission. Marginal notations by O'Connor indicate that both the memorandum and the attachment were seen by Secretary Dulles.

American pressure. I am afraid this would be so no matter how the statement or message were worded.

Even if publicity did not affect Jordanian implementation of this agreement, it might work against the execution of the next step for which we hope—the initiation of high level talks between Jordan and Israel on the border situation.

It is our present belief that as a general rule maneuvers in the ticklish Arab-Israel situation should be carried on as unobtrusively as possible.

I have consulted Mr. Byroade, who concurs in the foregoing. [2]

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[2] On June 11, Dulles sent to the Prime Ministers of Jordan and Israel messages of congratulation on the reinstitution of the Local Commanders' Agreement. (Telegrams 977 to Amman and 1099 to Tel Aviv, June 11, 684A.85/6-1153; also telegrams 1899 from Tel Aviv and 1102 to Tel Aviv, June 12, 684A.85/6-1253)

No. 625

674.84A/6-1553

The Director of the Office of Near Eastern Affairs (Hart) to the Ambassador in Egypt (Caffery)

TOP SECRET
OFFICIAL–INFORMAL

[WASHINGTON,] June 15, 1953.

MY DEAR MR. AMBASSADOR: Thank you for your letter of May 5, 1953 [1] analyzing the present attitude of Egypt towards a possible peace settlement with Israel. The ideas that you advanced are strikingly similar to those put forward by Ambassador Davis in his talks at the Department. They were in accord with my fears that very little interest exists at present among the Arabs in resolving this troublesome question.

However, a recent development, if our information proves accurate, gives cause for slightly more optimism. This report was obtained by a representative of the Department most informally and confidentially from an official of the Israeli Embassy here. This source alleged Colonel Gamal Abd Al Nasir has written a letter to an unspecified Israeli addressee soliciting Israel's help in "achieving Egypt's aspirations." The letter did not discuss or raise particular issues. The communication and the Israeli reply were exchanged at Paris.

To me this is a most surprising development, particularly the fact that Nasir should put anything of this nature in writing. I would appreciate your views as to the report's authenticity and any other information on the matter which may come to the attention of the Embassy.

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[1] Not printed.

Another indication of a more favorable Egyptian attitude is Egypt's apparent readiness to sign an agreement with UNRWA for refugee projects in the Gaza-Sinai area. If these projects materialize, they may prove an opening wedge for further moves leading to a decrease at least in the number of unassimilated refugees under Egyptian control. I would much appreciate your comments on the possibility of this agreement being signed and on its significance.

Sincerely yours,

PARKER T. HART

No. 626

684A.85/6-1453: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, June 16, 1953—5:57 p. m.

1115. Tel Aviv telegrams 1888 [2] and 1893. [3] On instructions Israel Government Ambassador Eban asked urgently for appointment with Secretary June 12 but because Secretary and Byroade not immediately available Jernegan received him. [4] Eban related several incidents including those reported reftels and requested USG make strong representations to Jordan Government on basis Jordan either unable or unwilling control border situation. Department informed Israel Embassy today it considers representations to HKJ premature in light apparent efforts Glubb implement local commanders agreement reported Tel Aviv tel 1905. [5] Tel Aviv may so inform Foreign Ministry. Both Amman and Tel Aviv should use every opportunity urge full wholehearted implementation commanders agreement.

DULLES

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[1] Repeated to Amman, Jerusalem, London, Paris, and Cairo.

[2] Telegram 1888 from Tel Aviv, June 10, reported that the entire Israeli press was making use of the fact that an incident at Tiryat Yehuda on June 9 had occurred only 12 hours after the signing of the Local Commanders' Agreement. (684A.85/6-1053)

[3] Telegram 1893 from Tel Aviv, June 11, reported on an incident that day at Kfar Hess. (684A.85/6-153)

[4] A memorandum of this conversation, not printed, is in file 684A.85/6-1253.

[5] Not printed.

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No. 627

784A.5 MSP/6-1853

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] June 18, 1953.

Subject: Israel's Short-Term Debt

Discussion:

The Israelis are pressing DMS on this subject. Mr. Eban has written Mr. Stassen asking (a) for assistance in meeting a threatening financial crisis by making available to the Israel Government, to pay debts, $7 million remaining from unused 1953 appropriations already voted for Israel; and (b) for his intercession in securing a $75 million loan from the Eximbank to enable Israel to consolidate a portion of its present indebtedness. This amounts to $386 million, of which $111 million matures in the twelve months April 1953–March 1954. It is necessary to determine the Department's position: to enable DMS to avail of necessary policy guidance; and to enable an appropriate reply to be made to the Israelis if, as is likely, they also approach the Department.

The debt of $386 million has gradually accumulated during the past four years, and without a substantial increase in private gifts to Israel there is no immediate prospect of reduction in its total. Debts are owing to the Eximbank, American and foreign private interests, and for liabilities arising out of current import transactions.

We are also informed that Israel's current requests for military equipment to be purchased for cash from the U.S., Canada, the U.K., and France, total $40,000,000. A specific inquiry has been reported from London for 40 Centurion tanks.

The Israeli case is as follows:

1. Provision of $7 million forthwith will tide them over a present crisis, prevent default between now and July 31st.

2. Provision of a loan or grant of $75,000,000 would enable Israel to consolidate its debt and distribute future maturities on a manageable schedule, maintain its credit position with resultant economies in carrying charges, and prevent further impairment to Israel's relations with the Arabs, who count on economic collapse in Israel and therefore are reluctant to talk peace. It would avert an internal crisis which might follow external default.

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[1] Sent through the Executive Secretariat.

Embassy Tel Aviv, in Despatch 1262 of June 8th,[2] argues that the balance of evidence appears to favor averting a "general default." A default would have serious political consequences within Israel, would encourage Arab intransigeance, and might have adverse effects on Israel's ability to raise money from private sources abroad. The effect of default might put more power in the hands of extremists in Israel, and prejudice the sensitive border situation.

The case against meeting Israel's requests is as follows:

1. An advance of $6 or $7 million will buy only a few weeks' time, and therefore it is preferable to reach a decision, now, on the merits, rather than postpone it. The advance would reestablish the pattern of paying old debts, and thereby make it more difficult to avoid accommodating other creditors later. (But note that the few weeks "bought" are weeks in which Congress will still be in session, and the time gained might avoid special Congressional interest and action, and loss of what we have gained in presenting the Near East "package" program.)
2. There are no funds to provide a $75 million grant, and it is undesirable to seek a "political" loan from the Eximbank, for which no basis of repayment exists. Furthermore, assistance, whether by loan or grant, beyond that now contemplated in MSA legislation, would do violence to our fundamental Near Eastern policy, by weighting aid to Israel much more heavily than aid to Arabs.
3. This step might set a precedent in violence to this fundamental policy, as it is the first occasion when the present administration has had to decide on such an issue.
4. A default, or "moratorium", by Israel might not necessarily result in upsetting the political situation in Israel and in the area.

NSC 129/1,[3] paragraphs 14(a), and 14(f), and 17(f), provide general guidance.

There is general agreement at the staff level against support for Israel's request for a loan or grant of $75,000,000, over and above funds programmed for Israel in 1953 and 1954 MSA legislation.

The case for acceding to the request for an immediate advance may be summarized as follows: We "buy" six weeks' time and thereby: enable future policy to be determined in the knowledge of what FY 1954 appropriations are; we can review again our basic relations with Israel to determine anew policies on the grant aid program to Israel; we avoid probable Congressional entanglement which might work to the detriment of objective policy determinations; we give the Israelis a further opportunity to put their financial house in order, in the light of knowledge that no loan or grants are available in excess of present MSA legislative proposals. A hasty decision to decline the request would prevent further evaluation of the effect of the adverse forces in the Near East that such a decision sets in train.

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[2] Not printed.

[3] Document 71.

Recommendations. That you advise Mr. Stassen: (1) The Department does not support any proffer of assistance, loan or grant, beyond amounts now contemplated in MSA legislation; (2) The Department has reluctantly concluded that it is not in U.S. interest to allow a default at this time, and therefore Mr. Stassen has our support in taking appropriate measures within the limitations of 1953 funds already voted for Israel to prevent such default; (3) Interagency discussion should continue on future policy with respect to Israel's financial problems. [4]

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[4] According to a note of June 22 by O'Connor attached to this memorandum and addressed to Jernegan, "the Secretary agreed to $7,000,000 only and disapproved the rest, after talking with Mr. Humphrey and Mr. Stassen." A handwritten notation indicates that the Secretary agreed with the three recommendations contained in the last paragraph of Jernegan's memorandum of June 18.

No. 628

884A.00 TA/6-2253: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, June 22, 1953—7:13 p. m.

1139. Joint State-DMS. Following principles should be considered as guidelines in operation grant program in Israel:

1. Primary objective of Aid Mission should be hastening viability of Israel. In administration of program we should seek to achieve maximum influence on the economic policies of GOI and maximum impact on economy as a whole, recognizing relationship internal conditions to external viability. US influence can be focused upon problems internal and external stability through (a) continuous consultation and review of Israel foreign exchange expenditures; and (b) vigorous control over amount, rate, and purposes of release both dollar and counterpart funds. Consultation machinery was established by IG note August 1952.

2. Following specific objectives should be sought by means outlined in (1) above:

(a) Achievement and maintenance of internal economic stability through encouraging GOI to adopt appropriate fiscal and monetary measures designed to retard inflation, bring about most effective use of resources and reduce need for external aid.

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[1] Drafted in the Technical Cooperation Administration.

(b) Adoption and maintenance (through periodic revision when necessary in light of foreign exchange position) of exchange budget in which current foreign exchange expenditures, including amortization payments on long-term debt, are balanced against foreign exchange income. In view various uncertainties respect income and debt turn-over foreign exchange budget should be subjected continuous review. Licensing and procurement system should be made sensitive to revised exchange budget;

(c) The allocation of the maximum amount of resources to investment designed to make Israel self-supporting in shortest possible time;

(d) This necessarily means minimizing consumption;

(e) Heavy exchange commitments by Government for industrial investment not based on local resources should be discouraged. Investment in industry should be made only after careful analysis full direct and indirect foreign exchange costs and with special encouragement to private capital investment; internal and external. Priorities should be developed on basis such analysis.

DULLES

No. 629

674.84A/6-2353

The Ambassador in Egypt (Caffery) to the Director of the Office of Near Eastern Affairs (Hart)

TOP SECRET CAIRO, June 23, 1953.
OFFICIAL–INFORMAL

DEAR PETE: I have read with interest your note of June 15 regarding the letter which Gamal Abd Al Nasir is supposed to have written to an Israeli addressee.

We have known for some time that Nasir has a friend in Israel, dating from Palestine War days. I therefore have had one of the Embassy officers ask him frankly but informally if there is anything to the story which you cited.

Abd Al Nasir's reply was: "I have writtten no letters since July 23" (1952). The inference is that he may very well have written such a letter at some time in the past but, if he did, it was in a purely personal capacity.

I continue to believe that there is little prospect at this juncture of the Arabs agreeing to an over-all peace settlement except on terms which Israel is clearly unprepared to accept. Furthermore the other Arab states, in return for their support of Egypt's stand on the Canal Zone issue, have obviously extracted in return the assurance that Egypt will not break the united Arab front against Israel. The hopes which we once held that Egypt might be induced

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to move unilaterally on this issue are therefore considerably dimmed. I need hardly add, however, that a settlement of the Anglo-Egyptian dispute would afford new possibilities for an attack on the Palestine problem.

With regard to the Sinai refugee project, this was included among the projects approved by the National Production Council last January (Embassy despatch 1546, February 3, 1953).[1] We are under the impression that the primary motivation has been economic rather than political. The project may produce food for Egypt over and above the needs of refugees at no cost to the Egyptian Government except for the water that is provided.

With good wishes,

Sincerely yours,

JEFFERSON CAFFERY

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[1] Not printed.

No. 630

611.84A/6-2353: Telegram

The Chargé in Israel (Russell) to the Department of State[1]

CONFIDENTIAL TEL AVIV, June 23, 1953—6 p. m.

1951. Acting Director General of Foreign Ministry Comay saying he making statement at specific request of Foreign Minister Sharett who is absent from country said yesterday he wished "confirm Israel's understanding of parts of Secretary's June 1 address[2] on which Israel had sought clarification in conversation between Byroade and Eban":[3]

(1) Phrase "area presently controlled by Israel." Israel understands not implied by this phrase it would be asked to give up some of its territory. Comay added that if no special significance attaches to phrase, "it would be happier avoid expressions creating unwarranted expectations." Referring to Secretary's reaffirmation of tripartite declaration (which was "designed strengthen existing frontiers") he said "it would be valuable to use language which would have effect of strengthening those frontiers rather than giving air of impermanence to them."

(2) Phrase "inter-related defenses." Comay said this phrase interpreted by many in Israel and elsewhere as giving endorsement to idea of support of Arab League Collective Security Pact, especially in light of UP story. Israel now understands Secretary in mind

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[1] Repeated to Amman, Beirut, Damascus, Cairo, London, Baghdad, and Jidda.

[2] For text, see Department of State *Bulletin*, June 15, 1953, pp. 831–835.

[3] See Document 622.

there would be military aid to individual countries willing to cooperate, such as Pakistan, Iraq, Syria and Israel. He added that while this assurance was welcome, Israel still had fears and misgivings with regard arming any Arab State prior to establishment peaceful relations with Israel.

(3) Phrase "alleged Israel encroachment." Comay asserted manner in which phrase followed statement about Arab economic warfare implied latter warranted by these "alleged encroachments" and that Foreign Minister Sharett wondered what these "encroachments" were.

Comay said he also wished mention two other questions:

(1) Jerusalem and holy places. Israel understands Secretary had in mind scheme for internationalization of holy places that would not affect Israel sovereignty. He said Israel interposed no objection in principal, would welcome any suggestion with respect tactical and parliamentary steps particular reference next General Assembly.

(2) Coordinated use of water resources. Comay said there appeared to be contradiction between Secretary's reference to coordination and fact that Yarmuk program going forward concerning details and implications of which Israel in dark.

I replied that I had no instructions on specific points he raised and could only give informal comments. I said Secretary's address was not attempt to set forth definitive and detailed solutions to problems of area but rather to indicate lines of approach which could serve as basis further discussion. Precise phraseology of kind Comay suggested might well defeat this purpose. Re "area presently controlled by Israel" I pointed out refugee problem can only be solved if frame of mind can be induced in Arab countries which will lead them to desirable solution and therefore to agree to resettlement major portion of refugees in Arab countries. I added that great many Americans uneasy over refugees and feel there are moral grounds for permitting some of them return to land they once owned which is now "in area presently controlled by Israel." Said Secretary's remarks raised both these tactical and moral considerations.

Re "inter-related defenses" I said Department constantly examining and re-examining problem of area security and I viewed Secretary's statement as effort narrow down solution my ruling out on one hand tightly knit approach such as one built around Arab League Collective Security Pact and on the other the notion of each country going it alone. Secretary may well have hoped general delineation of arrangements without spelling them out in detail would promote realistic and cooperative approach to problem.

Re "alleged encroachments" I suggested Secretary undoubtedly attempting indicate how situation looks to Arabs, which necessary for us to do if we to make headway with them.

Re "Jerusalem and holy places" I said I knew of no concrete plan as yet for implementing arrangement which would take cognizance of legitimate interests of religious groups in the holy places in Jerusalem area but suggested from "tactical" point of view a plan which Arabs felt they had played some part in evoking might stand best chance.

Re Yarmuk. I reviewed present status of matter along lines Embassy telegram 1563. [4]

In summary I suggested complicated area problems can be ameliorated only if all parties concerned willing move toward solution a step at a time without efforts by individual countries to try any runs or drives through center. United States, I said, should be able to play constructive role in adducing receptive frame of mind among Arabs, but at present Arab countries feel United States more partial to Israel than to Arab States and many Arabs despair of United States adopting evenhanded attitude. Until Arabs have confidence in our impartiality we can do very little. In attempting achieve it may occasionally have to use expressions Israel would not itself select.

In conclusion Comay noted Israel Government had refrained from public reply to Secretary's speech and had attempted avoid appearance of controversy above issues.

RUSSELL

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[4] In telegram 1563 from Tel Aviv, Apr. 10, Chargé Russell reported on a conversation with Eytan in which Russell reviewed the importance which the United States attached to the success of the Yarmuk project as an instrument for meeting the refugee problem, as a symbol to the Arabs of constructive possibilities of cooperation, and therefore as helping to create an atmosphere conducive to peace in the area. Russell reiterated the U.S. expectation that Israel would cooperate in the resolution of any conflicting riparian claims and expressed the hope that there would be no action by Israel which might make the solution of the question of riparian rights more difficult. In conclusion, Russell informed Eytan of the expected visit of Arthur Z. Gardiner later in April and suggested the entire question could be discussed then in greater detail. (884A.211/5-1053)

No. 631

884A.00 TA/6-2653: Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET TEL AVIV, June 26, 1953—4 p. m.

1965. Joint Embassy-TCA message. At regular weekly meeting at Finance Ministry Wednesday, Embassy-TCA representatives and Mikesell presented elements of policy outlined in Department telegram 1139.[1] Israelis present at meeting were Eshkol, Koller (members of Finance Ministry Staff). Principal points emphasized were: (1) objectives of hastening viability of Israel; (2) maximizing productive investment and minimizing consumptions; (3) need for attaining internal economic stability; (4) desire to consult on foreign exchange and development budgets with view to implementing objectives set forth in Department telegram 1139. United States representatives pointed out need for examining investment expenditures under government control on basis of priorities as to foreign exchange earning or saving potentialities and optimum utilization of human and material resources.

With regard to debt problem, United States representatives emphasized desirability of avoiding use of program funds for debt repayment, since such diversion would not contribute to viability. United States representatives stated Mission desires to follow very closely debt problem and to consult with Government of Israel regarding means of financing, but referred to statement of Dulles and Stassen that fundamental responsibility for this problem lies with Government of Israel.

In reply to United States representatives' statement of policy objectives outlined in Department telegram 1139, Eshkol spoke disparagingly of experts and their advice. He also defended Israel's deficit financing policies in past and stated United States should help Israel in dealing with past debts. Eshkol implied that Israel would continue to borrow as much as possible in future for rapid development of economy in a manner determined by statesmen motivated by faith in Israel and not by experts, bookkeepers and statisticians, and urged the United States to approach Israel's problem in that light. Eshkol's response appeared to be based on conviction either that Israel will receive a United States Government refunding loan or alternatively 1954 funds will be available in free dollars for debt management by approaches to Washington without reference to Mission.

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[1] Document 628.

Over the past nine months considerable progress has been made in achieving financial reform in Israel economy by administration of program funds in TCA Tel Aviv. Further progress along these lines and in the implementation of policy objectives of Department telegram 1139 requires firm administrative approach to Government of Israel backed up with threat of aid curtailment. Embassy, TCA and Mikesell concur in view that it will be impossible to obtain Israel adherence to United States recommendations re exchange and development budget and to develop effective aid program without reestablishing primary responsibility here for determination and administration of use of program funds. While special circumstances may justify using modest portion of available funds for debt payment, we believe that negotiations even on short term debt crises, insofar as they concern use of program funds, should take place initially in Israel. This will have following advantages: (1) Mission's bargaining position re Israel Government would be greatly strengthened. Without such responsibility Government of Israel will continually circumvent Mission and render it powerless to carry out objectives of Department telegram 1139.

(2) It will minimize duality in Israel debt management and tend to place full responsibility with local ministry of finance officials.

(3) Mission in best position to obtain and evaluate information from Government of Israel.

(4) Embassy in key position to evaluate internal political and economic consequences of alternative courses of action, including that of default, and to make appropriate recommendations to Washington for policy determination.

In view of recent developments, furtherance of policies set forth in Department telegram 1139 not only requires transfer to Tel Aviv of initial responsibility for debt problem but perhaps also a reconsideration of past policy of not allowing Israel under any circumstances to default on its external obligations for following reasons: (1) The present policy of preventing default has become known to Israelis and the threat of withholding assistance cannot be employed effectively as a means of achieving our objectives; (2) Borrowing capacity of Israel and hence propensity to expand indebtedness will remain high so long as firm United States policy against default is known to exist; (3) Government of Israel will not make maximum effort to handle debt problem through private channels so long as it is convinced that United States Government will not allow default; (4) Continued failure of Government of Israel to take realistic steps toward viability may require shock of default or partial moratorium as only means of bringing about reforms; (5) It is possible that preventing Israeli default during next fiscal year will require use of bulk of grant appropriation for net debt repayment. In this event, effects loss of program goods on economy must be carefully weighed against consequences of default.

Transfer of initial responsibility for debt problem to Embassy TCA Israel would necessitate immediate sending of competent financial expert so that he could be briefed before departure of Mikesell and Patterson.

RUSSELL

No. 632

674.84A/6-3053

The Ambassador in Egypt (Caffery) to the Director of the Office of Near Eastern Affairs (Hart)

TOP SECRET
OFFICIAL-INFORMAL

CAIRO, June 30, 1953.

DEAR PETE: With reference to my letter of June 23, Gamal Abd Al Nasir has volunteered to an officer of the Embassy some further information about his Israeli contacts.

He confirmed that in addition to his friend in Israel he has contacts in Paris and in Turkey through whom he attempts to keep informed about the situation in Israel. He said that, although an eventual settlement with Israel is in his mind, his present contacts are for informational purposes only. He added that, in his opinion, any peace settlement is still a long way off.

Both Nasir and Abd Al Hakim Amir, the newly-appointed Commander-in-Chief, who was also a party to the conversation, displayed considerable lingering bitterness over the roles of the other Arab states, particularly Jordan, in the Palestine War. Mingled with this was an attitude of skepticism as to the seriousness of the opposition of the other Arab states to Israel.

Sincerely yours,

JEFFERSON CAFFERY

No. 633

974.5301/7-253: Telegram

The Acting Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, July 2, 1953—6:49 p. m.

9. In view protraction Anglo-Egyptian negotiations and renewed British and French representations, US agreed participate tripartite exchange views re freedom transit Suez Canal. Talks to be exploratory, on expert level, and to start mid July after visit British and French Foreign Office representatives. We delivering note re decision July 3 and stressing need secrecy. Will orally request British and French not to raise this matter at high-level talks. Discussions to cover points listed para 12 note quoted Dept A-246 Feb 3 to Cairo.

French Embassy June 29 suggested U.S.-French representations to Egypt at this time stressing importance freedom transit and hope Egypt would observe this principle, regardless future measures taken against British. We declining proposal stating such approach uncalled for this juncture and would prejudice chances Anglo-Egyptian settlement.

SMITH

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[1] Repeated to London and Paris.

No. 634

884.10/7-853

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State [1]

SECRET [WASHINGTON,] July 8, 1953.

Subject: Israel Request for a Funding Loan

Discussion

On June 11, 1953, Ambassador Eban requested Mr. Stassen's assistance (a) in obtaining a $75,000,000 loan from the Export-Import Bank for debt refinancing, and (b) in making available certain unused funds from the FY 1953 NEA appropriation to meet a short-term debt crisis. You recommended that Mr. Stassen accede to the second request, which he did, and agreed with him that the first should be rejected. However, Mr. Stassen has not as yet informed Ambassador Eban of the rejection, and we understand he may seek your guidance as to when and in what manner the Israel Government should be notified.

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[1] Sent through the Executive Secretariat. An attached note of July 13 from O'Connor to Byroade reads: "The Secretary has talked to Mr. Stassen along the line of your attached memorandum."

Developments in Israel indicate that the Israelis should be informed as quickly as possible. In a recent conference between Embassy–TCA personnel and officials of the Israel Government (Tab A), [2] the Israel Minister of Finance (a) defended Israel's deficit financing policies, (b) reiterated that the United States Government should help Israel in dealing with its past debt, and (c) implied that Israel would continue to borrow to the hilt for the rapid development of the economy "in a manner determined by statesmen motivated by faith in Israel and not by experts, bookkeepers and statisticians." Embassy Tel Aviv believes that the Minister's statement may have been based partly on the belief that Israel will receive a funding loan as a result of direct approaches to Washington, and that until it is made clear no loan will be forthcoming, it is unlikely that the Israel Government will take the steps necessary to place its finances on a sounder basis. Our best information is that the Israel Government will probably be confronted with another financial crisis no later than July 31, 1953. Delay in making our position clear may be construed by the Israelis as evidence that they can rely on a funding loan.

Recommendation

That you suggest to Mr. Stassen, if he telephones, (1) that he inform Ambassador Eban (or Minister Goitein, his deputy) as soon as possible, that an Export-Import Bank loan will not be forthcoming, (2) that he also tell Ambassador Eban that the Israel Government would be well advised to seek private arrangements respecting its debt, and (3) that his staff arrange with the Department for concurrent notification of this decision to the Israel Government by Embassy Tel Aviv. A copy of the proposed telegram to Tel Aviv is attached (Tab B). [3] The original is in Mr. Stassen's office for clearance.

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[2] Not found attached, but see Document 631.

[3] Not found attached, but possibly telegram 41 to Tel Aviv, Document 639.

No. 635

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Department of State Press Release

No. 370 [WASHINGTON,] July 11, 1953.

The Department was informed yesterday by the Israel Government that it intends to transfer its Foreign Ministry from Tel Aviv to Jerusalem as of July 12, 1953.

The United States does not plan to transfer its Embassy from Tel Aviv to Jerusalem. It is felt that this would be inconsistent with the United Nations Resolutions dealing with the international nature of Jerusalem and that it would not observe the solution regarding Jerusalem which was set forth in the Secretary of State's address of June 1, 1953.

No. 636

784A.02/7–1153: Telegram

The Ambassador in Lebanon (Minor) to the Department of State [1]

CONFIDENTIAL PRIORITY BEIRUT, July 11, 1953—1 p. m.

45. Transfer Israeli Foreign Office to Jerusalem affords I believe first real test of new American policy toward Near East. For six months Arabs have heard reports of new American policy toward Near East and have been encouraged. For six months they have listened to promises whether direct or implied and have become hopeful. But their mode, if I understand it, is one of firm determination to see promises and words translated into concrete acts. For them this means political acts; no amount of aid or arms will alter this fact. Arab faces will turn from eastward prayers to Mecca and look inquiringly and hopefully westward to see how West especially US meets this Israeli move. They would be electrified by a simple American statement that we had advised Israel not to move Foreign Office to Jerusalem, that we do not intend to move our Embassy to Jerusalem and that our officials will not be permitted to go to Jerusalem to conduct business. If on the contrary this is handled in such a manner as to give credence to the widely held Arab view that we are incapable of saying "no" to political Zionism our

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[1] Repeated to Tel Aviv, Jerusalem, Cairo, Amman, Baghdad, and Damascus.

reversal in the Arab world would be severe and most of the constructive planning of the last six months will have been for naught.

MINOR

No. 637

784A.02/5-1153: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, July 11, 1953—3 p. m.

51. Timing and manner of announcement of move of Foreign Ministry to Jerusalem (Embtel 45) [2] by delivery of letters just as Foreign Ministry closing for week-end has caused deep resentment on part majority my colleagues. Embassy fears action may be interpreted in Arab countries as another example Israel Government uninfluenced by world opinion, or by position of other powers having interests in area, matter involving Israel-Arab relations. It is step of especial significance re United States because taken during period when Secretary of State known to be formulating policies and programs as result of his trip designed to ease tensions and improve conditions in area.

Department may wish consider steps which would demonstrate to Arabs that other nations not helpless to influence events in this area. Believe public statement should be made to Israel Government referring to original *démarche* requesting them not to move Foreign Ministry (Depcirctel 905) [3] and expressing deep regret at action of Foreign Ministry which will make more difficult efforts by Secretary to work out solution of issue of Jerusalem. Might also announce that ending formulation of specific policy with respect Jerusalem Embassy Tel Aviv being instructed see officials of Foreign Ministry only at liaison office at Hakirya, Tel Aviv. Such step would of course involve likelihood Israeli Government would utilize this as occasion for shifting focus of all important discussions and negotiations to Washington, which it prefers and which Department has in past made efforts avoid. If step taken other powers having Missions here should be urged take similar action, though in case of smaller powers it is clear they would be placed at greater disadvantage.

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[1] Repeated to London, Paris, and Rome.

[2] Telegram 45 from Tel Aviv, July 10, reported that the Embassy had that day received a letter from the Director General of the Foreign Ministry stating that the transfer of the Ministry to Jerusalem would take place on July 12. A liaison office would for the present be maintained at Hakirya in Tel Aviv for the convenience of diplomatic missions situated in Tel Aviv. The letter expressed the hope that in the course of time diplomatic missions now outside Jerusalem would move there. (124.84A5/7-1053)

[3] Document 576.

RUSSELL

No. 638

784A.02/7-1353: Telegram

The Secretary of State to Rabbi Abba Hillel Silver, at Cape Vincent, New York[1]

WASHINGTON, July 13, 1953—5:44 p. m.

I had tried to reach you Saturday at President's request to see if we could concert any measures to halt abrupt transfer yesterday of Israel Foreign Office from Tel Aviv to Jerusalem and thus obviate unfortunate repercussions in Middle East and elsewhere.

Unfortunately could not reach you and action has been taken. I have now stated that the U.S. did not plan to move its Embassy to Jerusalem, feeling that this would be inconsistent with outstanding U.N. Resolutions.

Regret we could not get talking connection over telephone. Best regards.

JOHN FOSTER DULLES

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[1] Drafted by Dulles and Byroade.

No. 639

884A.00 TA/6-2653: Telegram

The Secretary of State to the Embassy in Israel

SECRET WASHINGTON, July 15, 1953—12:32 p. m.

41. Joint State-DMS message. Reference Embtel 1965.[1]

1. We are disturbed by implications Eshkol remarks, particularly re intention continue borrowing as much as possible. Would appreciate your comments as to (a) extent they represent considered views Israel Government generally, (b) relationship Avriel resignation, which seems most regrettable, to any change in climate official opinion. You may wish inquire Foreign Office whether policy

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[1] Document 631.

expressed paragraph 5 (a) Israel Embassy's note August 11, 1952[2] has been modified or abandoned.

2. We concur basic discussions on financial problems should take place Tel Aviv and are pointing out to Israel Embassy (a) while we are always prepared listen to Embassy any subject, if Israel Government wishes its views be promptly and fully considered in preparation recommendations on which Department and DMS primarily rely, it is essential that it initiate and concentrate financial-economic discussions Tel Aviv; (b) $6,000,000 emergency release was withheld until mission considered problem and made recommendations. You are authorized so inform Israel Government.

3. Re your comment prevention Israel default next fiscal year may require bulk of grant appropriation, we request you give priority attention to preparation estimate sum which would be required this purpose. USG does not consider itself committed guarantee IG against default, and you may inform Foreign Minister in your discretion that IG might make serious mistake if it assumes U.S. will henceforward act to prevent default. Department concurs Embassy observation that effects loss of 1954 program goods on economy must be carefully weighed against consequences default.

4. Stassen will inform Israel Ambassador that application Export-Import Bank loan for funding purposes would not receive U.S. Government support, as careful study Tel Aviv and here indicates such loan not appropriate for U.S. Government lending institution. Israel would accordingly be well advised seek private arrangements re debt.

5. As simultaneous notification Israel Foreign Office decision Para 4 might strengthen your position, you will be informed prior to actual notification here in order to make possible concurrent notification in your discretion. Suggest you consider possible advantages informing Foreign Office with Ministry Finance officials present rather than informing Eshkol group alone.

DULLES

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[2] Not printed.

No. 640

661.84A/7-2153: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, July 21, 1953—6 p. m.

93. Resumption relations between Israel and Soviet Union creates change in the context in which Israel's foreign relations will be conducted and in light of which our policies toward Israel must be evaluated:

1. The break in relations last February gave Israel a sharp sense of loss of maneuverability, and of forced dependence upon western powers, particularly the United States. Resumption of relations will create feeling she has gained bargaining power and has larger number of options which she will be tempted to utilize as means of influencing United States on matters of importance to Israeli Government.

2. Renewal of relations will reawaken hopes of Israelis in possibilities emigration of Jews from Eastern Europe. Prime Minister, other government officials and press have placed emphasis in recent months on need of state to build up its population and on importance of Jewish population behind iron curtain as source of immigration. (Despatch being pouched analyzing problem Israeli immigration.) [2] Strong bond Israel feels with Jews behind iron curtain provides Soviet with inexpensive partial counterbalance to interest which Israel has in aid from United States Government and United States Jewry and will give USSR leverage over Israeli policy.

3. There are limits, however, to which Soviet Union would go in any measures designed increase its influence with Israel as Soviet Union undoubtedly also concerned over its relations with Arab states. USSR primarily interested in promoting instability in area and likely, therefore, attempt to play one side against the other.

4. It would be unwise and unnecessary for United States to embark on policy of outbidding Soviet pressures against Israel. Israeli Government likely to make certain concessions to USSR in any event while its reliance upon western Jewry, its ideology and its interest in maintaining independence will be barrier to its yielding to Soviets pressures beyond certain point. There is an area

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[1] Repeated to London, Paris, and Moscow; sent by pouch to the Arab capitals and Jerusalem.

[2] Despatch 212, Aug. 20, not printed, dealt with the subject of Israeli immigration. (884A.1800/8-2053)

within which United States can influence Israeli policy but it is limited by these considerations.

Russell

No. 641

884A.00 TA/7-2253: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, July 22, 1953—6:54 p. m.

61. Joint State–DMS. Deptel 55. [2] In discussion with Goitein and Lewin Israel Embassy on July 21, Stassen made these points:

1. US faced with serious budgetary deficit which it is endeavoring reduce.
2. Funding loan by Ex-Im Bank cannot be contemplated.
3. Israel should itself take firm financial measures meet its problem and can marshal other resources, especially German reparations, toward this end.
4. Use MSP funds for debt payment has been criticized in Congress.
5. Holders present indebtedness might accept negotiated extension maturity dates.
6. Israel will in long run be stronger for working out its own arrangements meet debts.
7. If Israel has difficulty with financial problems Embassy and aid mission in position provide useful advice.

Goitein and Lewin stressed inability GOI see way through difficulties without loan, pointing to (a) need meet debt problem to permit full use MSP funds for development (b) lack flexibility German reparations payments (c) judgment NY financial experts that negotiated or partial debt moratorium equivalent to default. Discussion closed on expression confidence by Stassen that Israel can meet its own problems and by reiteration Administration desire reduce expenditures.

Dulles

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[1] Repeated by air pouch to the Arab capitals and Jerusalem.

[2] Telegram 55 to Tel Aviv, July 20, informed the Embassy that Stassen planned to notify Goitein on July 21 of the substance of paragraphs 2 and 4 of telegram 41 to Tel Aviv (Document 639). The Embassy was authorized to notify the Israeli Government simultaneously. It was suggested that the matter be discussed along the following lines: Careful study in Tel Aviv and Washington had indicated that the loan was inappropriate. Officials of the Export-Import Bank stated such a loan would have to meet the normal requirements for conditions of servicing, and the U.S. Government view was that Israel would not be able to meet these conditions. Under the circumstances, the Israeli Government would appear best advised to seek relief through arrangements with the present holders of its debt or other private sources. (384A.00 TA/7-2053)

No. 642

784A.02/7-2453: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, July 24, 1953—2:53 p. m.

64. Deptels 32 and 48, Embdes 58, Embtels 90 and 98. [2] Embassy's instructions are to limit Foreign Ministry relations to Liaison Office unless specifically authorized to contrary and decline all invitations to official functions Jerusalem. Department informed by British Embassy this also UK position. French state they will limit contact to Liaison Office as long as US and UK do.

Continue consult with friendly colleagues and endeavor maintain common approach. Report any difficulties encountered. Consultation also underway Washington.

Airgram follows.

DULLES

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[1] Repeated to Paris, London, Ankara, Bern, Canberra, Rome, Brussels, Stockholm, and Jerusalem; sent by air pouch to the Arab capitals.

[2] None printed; all dealt with the transfer of the Israeli Foreign Ministry effective July 12.

No. 643

974.5301/7-2553: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, July 25, 1953—3:32 p. m.

108. Tripartite talks on freedom transit Suez Canal started (Deptel 9 to Cairo) [2] July 21. [3] United Kingdom and France suggested calling urgently secret conference Maritime Powers with primary interest in canal to consider means ensuring freedom transit including "last resort measures". Egypt would not be invited to meeting.

Conference to agree on joint declaration to be issued in association with Egypt. United Kingdom made clear desired this larger conference regardless progress in Suez Base talks. If agreement on joint approach to Egypt not reached United Kingdom said would feel obliged raise freedom transit issue in connection Base negotiations. Draft proposed joint declaration tabled by United Kingdom and France follows:

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[1] Repeated to London and Paris.

[2] Document 633.

[3] The minutes of the tripartite meetings of July 21, 22, 23, 24, 27, and 29 are in file 974.5301.

Begin verbatim text. The Governments of . . . [4] (including Egypt, in alphabetical order)

Taking note that Egypt in her capacity of territorial power is primarily responsible for the security of the Suez Canal;

Recognising that the Canal is a universal channel of communication;

Conscious of the community of interest which unites Egypt with the other users of the Canal in ensuring respect for the principles on which its international status rests;

Considering that the users of the Canal have an overriding interest in the uninterrupted maintenance of traffic through the Canal and in the regular and satisfactory working of the technical services of the Canal, under the conditions which have prevailed since its opening;

(additions may be required in the light of circumstances)

recall that the international status of the Canal, resulting from the international agreements and reinforced by uninterrupted usage, rests on the following principles:—

1. freedom of access and of passage in time of war as in time of peace to all vessels of war or of commerce;
2. absence of all discrimination against individual flags, ships of every nationality having full and equal rights of freedom of access and passage;
3. prohibition of all warlike or hostile acts likely to interfere with free navigation in the Canal and its ports of access and within a distance of three miles from these ports;
4. right of the Powers to ensure respect for the principles outlined above;
5. recognition of the particular rights and responsibilities of Egypt in her capacity as territorial Power within the framework of the agreements and conventions at present in force. *End of verbatim text.*

We plan inform United Kingdom and France we unable agree to conference Maritime Powers. Egypt certain to learn of conference and react adversely, especially to any consideration "last resort measures". We plan also state believe Egypt would refuse participate in joint declaration suggested to her by Maritime Powers acting in concert. Believe numbered paragraph 4 of draft would prove especially objectionable.

As alternative we planning propose quiet approach to Egypt by one of three powers at propitious moment with suggestion Egypt issue unilateral declaration reaffirming freedom of transit. Approach would be made only when Suez Base issue settled or well on way to solution. Other Maritime Powers could subsequently take note individually of Egyptian declaration.

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[4] Ellipsis in the source text.

We will forward soonest for Embassy comments text possible declaration by Egypt. Request your comments on tentative Department position as indicated above.[5]

DULLES

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[5] Ambassador Caffery replied on July 26 as follows: "I cordially concur with Department's position as outlined Deptel 108 July 25 without change." (Telegram 129 from Cairo, July 26; 974.5301/7–2653)

No. 644

884A.00 TA/7–2653: Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET TEL AVIV, July 26, 1953—1 p. m.

118. Joint Embassy-TCA. In response to request for appointment Hakirya, Tel Aviv, with Foreign Minister Sharett and Minister Finance Eshkol pursuant Department telegram 41,[1] was informed Foreign Minister would see me at his home (Tel Aviv) yesterday but Eshkol unable be present. McDaniel and I called on Foreign Minister yesterday morning and after reviewing Eshkol's remarks (Embassy telegram 1965)[2] made point paragraphs 1 to 4 Department telegram 41.

Stating he was giving "interim off hand reactions," Foreign Minister Sharett replied along following lines:

While Eshkol probably gave voice to "legitimate faith in Israel's future as support for request for United States assistance," Foreign Minister confident there was no intent change policy expressed paragraph 5A, Israel Embassy note August 11, 1952. He stated he would confirm this impression with Minister of Finance. Argued with reference statement paragraph 2 Department telegram 41 (negotiations who would take place Tel Aviv), that it would present Israel with "great difficulty" and be using its "dire need to force it into undignified position of upsetting time-honored routine of meetings with Ministry of Finance in Jerusalem." Suggested further conference to make clear present Israel Government policies re paragraph 5A of August 11, 1952 note and that "to circumvent any difficulty presented by Embassy's instructions re Jerusalem," conference take place at Ministers of Finance in Jerusalem rather than Foreign Ministry. Said he (Sharett) might or might not be present. I commented if such meeting were in Jerusalem it was a question—view importance of subject and my present instructions re Jerusalem—that [*whether*] his presence or his absence would present the greater difficulty and therefore meeting in Tel Aviv might be preferable.

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[1] Document 639.

[2] Document 631.

I said that problem of whether financial negotiations to take place in Tel Aviv or Jerusalem had been precipitated by Israel's moving Foreign Ministry, that Department had stated while it always prepared to hear Israel Embassy on any subject, prompt consideration by United States of Israel's financial problems required discussions be initiated and concentrated in Tel Aviv; that Embassy-TCA would request Department's guidance with regard his proposal for conference Jerusalem with Finance Ministry to clarify Eshkol's remarks.

Comment: Embassy recommends [garble] authorized state of Foreign Minister that present practice of TCA discussions with Ministry of Finance in Jerusalem on ordinary questions of administration and implementation MSA program will be continued (Department telegram 32) but that discussions involving major problems of financial-economic policy, since they should be attended by representatives of both Finance and Foreign Ministries, must be held in Tel Aviv; and therefore meeting with Eshkol referred above should take place in Tel Aviv.

RUSSELL

No. 645

S/PRS files, lot 77 D 9

Department of State Press Release

No. 401 WASHINGTON, July 28, 1953.

JERUSALEM

Asked about the international repercussions to the transfer of the Israeli Foreign Office from Tel Aviv to Jerusalem and the position of the United States in this regard, Secretary of State John Foster Dulles at his news conference today made the following remarks:

The United States regrets that the Israeli Government has seen fit to move its Foreign Office from Tel Aviv to Jerusalem.

We have made known our feelings on that subject to the Government of Israel on two prior occasions. It was done in July 1952 and again in March 1953, when our Ambassador, hearing rumors that this was in contemplation, called upon the Israeli Government and requested them not to transfer their Foreign Ministry to Jerusalem.

We feel that way because we believe that it would embarrass the United Nations, which has a primary responsibility for determining the future status of Jerusalem. You may recall that the presently standing United Nations resolution about Jerusalem contemplates that it should be to a large extent at least an international city rather than a purely national city. Also, we feel that this particular action by the Government of Israel at this particular time is inopportune in relation to the tensions which exist in the Near East, tensions which are rather extreme, and that this will add to rather than relax any of these tensions.

The views that I express here are, we know, shared by a considerable number of other governments who have concern with the development of an atmosphere of peace and good will in that part of the world.

We have notified the Government of Israel that we do not intend to move our own Embassy to Jerusalem.

No. 646

974.7301/7–3053: Airgram

The Secretary of State to the Embassy in Egypt

SECRET WASHINGTON, July 30, 1953.

A–29. Reference minutes United States-United Kingdom-French discussions on freedom of transit of Suez Canal, Deptel 113, July 27[1] and Cairo's 137, July 28.[1]

Possible Egyptian unilateral declaration quoted Deptel 113 tabled by United States at meeting July 29. French and United Kingdom delegates stated would transmit draft to their Governments, and ask for instructions.

In informal discussion of draft, British and French delegates stressed two points:

1. Disadvantages of eliminating numbered paragraphs contained in United Kingdom-French draft (Deptel 108 to Cairo)[2] which spelled out principles upon which freedom of transit based, and substitution as last paragraph of general statement of those principles. Both delegates felt principles should be fully stated so that all

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[1] Not printed.

[2] Document 643.

parties would know where they stood. They were particularly disturbed at omission from United States draft of intent underlying Paragraph Number Four of their draft. They argued that principles, including Paragraph Four, should be detailed in first approach to Egypt and that if Egyptian resistance encountered, general statement could be substituted.

United States delegate replied that, even if United Kingdom-French suggestion on tactics adopted, he would be unable to agree to inclusion Paragraph Four since Egyptian rejection certain.

2. Urgency of problem. Both delegates emphasized some reaffirmation of principle of freedom of transit essential before evacuation of British troops. United Kingdom delegate insisted this should be obtained before agreement on evacuation is signed.

Request Ambassador Caffery's views by telegram on following two points:

1. Would inclusion of detailed enumeration of principles governing freedom of transit in first approach to Egypt prejudice prospects Egyptian consent to issue unilateral declaration?

This approach would be adopted only on understanding that a general statement similar to one in United States draft would be substituted if Egypt objected.

2. Provided progress is made in Anglo-Egyptian negotiations on Suez Base and this problem approaches a solution, could the approach to the Egyptians be made before actual signature of agreement?

DULLES

No. 647

784A.02/8-453

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) [1]

CONFIDENTIAL [WASHINGTON,] August 4, 1953.

Subject: Arab Attitude Toward Transfer of Israeli Foreign Ministry to Jerusalem.

Participants: Sheikh Asad Al-Faqih, Ambassador of Saudi Arabia
Dr. Charles Malik, Ambassador of Lebanon
Dr. Ahmed Hussein, Ambassador of Egypt
Dr. Farid Zeineddine, Ambassador of Syria
Mr. Abdul Jalil Rawi, Chargé d'Affaires of Iraq

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[1] This conversation was summarized in circular telegram 83, Aug. 7, 6:45 p. m., sent to the Arab capitals, Tel Aviv, and Jerusalem. (784A.02/8-753)

Sayed Abdurrahman Ibn Abdussamed Abu-Taleb,
 Chargé d'Affaires of Yemen
General Walter B. Smith, The Acting Secretary
John D. Jernegan, NEA

Dr. Malik acted as spokesman. He began by emphasizing the unique character of Jerusalem as a spot Holy to all three of the world's great monotheistic religions. He felt that such a place deserved special consideration, particularly in the present age of atheistic materialism.

He continued that the recent Israeli move of the Foreign Office to Jerusalem was a matter of the greatest concern to both the Arab Governments and their peoples. The Arab Governments considered that it was appropriate to discuss the question of Jerusalem with the United States Government for a number of reasons, which he enumerated as follows:

1. Secretary Dulles himself had recently taken the initiative on at least three occasions to discuss the Jerusalem problem publicly; (1) in his speech of June 1, 1953, (2) in his first press statement of some three weeks ago on the move of the Foreign Office to Jerusalem, and (3) in his second press statement issued last week. With regard to these statements, Dr. Malik observed that there were certain points he wished to note. For one thing, Mr. Dulles had spoken of the Israeli move as being "inopportune at this moment". This appeared to imply that at some later time the move would have been proper. Secondly, the Secretary had spoken of the internationalization of the "city" of Jerusalem, whereas the United Nations in its three resolutions on the subject had called for internationalization of the "area" of Jerusalem. Thirdly, Mr. Dulles had at least implied that what the United States had in mind for Jerusalem was only a partial internationalization. Dr. Malik emphasized that the United Nations had repeatedly called for complete internationalization.

2. The United States had participated in the Tripartite Declaration of May 25, 1950, which had emphasized its desire to see peace in the Near Eastern area. By its recent action, Israel had defied the World and such a step could not promote peace in the area. The United States was, therefore, necessarily concerned with this development which was contrary to the principle laid down in the Tripartite Declaration.

3. The change in location of the Israeli Foreign Office constituted a violation of the Armistice Agreements upon which reposed the present state of peace in the area. This again was necessarily a matter of concern to the United States because of its declared policy of promoting and maintaining peace.

4. It was to be noted that the Foreign Office move substantially coincided with the resumption of Soviet-Israeli relations. As shown by statements of the Israeli leaders themselves, Israel regarded this resumption of relations as a gain in its policy of trying to play the East against the West. Such a policy in the Near East does not con-

tribute to peace in the area and is therefore a matter of concern to the United States.

5. Dr. Malik recalled that when Prince Faisal of Saudi Arabia visited Washington early this year, he was assured by the President and others that the United States was going to try to redress any injustices which might have been committed with regard to the Arabs. This assurance had been welcomed by the Arab leaders, who attach great importance to it.

6. All the Arabs were convinced that the complete establishment of the Israeli capital in Jerusalem was only a preliminary to further Israeli aggression against the rest of Jerusalem and of Palestine. This was clearly shown by the nature of Zionist doctrine and statements of Zionist leaders, who would never rest until they had possession of the entire Holy City. Furthermore, the Israeli capital in Jerusalem was in a terribly exposed position at the end of a narrow salient and almost entirely surrounded by alien people. No one would so expose a capital unless he intended later to make it secure by annexing surrounding territory.

7. It is difficult to see how real peace can be brought about in the area if a policy of *faits accompli* is allowed to succeed time and again without forceful reaction on the part of the rest of the world.

8. Everyone in the world knows that without the United States there would have been no State of Israel and that Israel could not exist today without American aid. Israel depends on the United States economically, morally and politically. Therefore, the United States must be held responsibile for Israel's international acts.

In the light of the above reasoning, Dr. Malik and his colleagues considered it proper and necessary for the United States and the Arabs to consult together in a frank and friendly fashion on this problem.

Dr. Malik added that the Arabs were also greatly concerned about the possibility of large-scale immigration to Israel from behind the Iron Curtain of Eastern Europe. It would be tragic if the United States should help in this process.

He concluded that the Arabs were very grateful for the interest shown by the present American administration in their problems; they greatly appreciated, among other things, our efforts to solve the Anglo-Egyptian problem, our readiness to listen to Arab views and our frequent expressions of good will.

The Acting Secretary said he welcomed the visit of the Chiefs of Mission, whom it was always a pleasure to see. He also welcomed their frank expression of opinion and would be equally frank in reply.

With regard to the Secretary's recent statements, he would only observe that they stand on their own feet and mean what they say.

The United States Government, General Smith said, deplores Israel's recent act. It cannot, however, accept responsibility for all that Israel does. We must treat Israel as a sovereign state, just as we treat the Arabs, and he wished to point out that the Israeli representatives frequently attacked our policy even more severely than the Arabs. We were in the unhappy position of being in the middle between the two.

Since Dr. Malik had referred to history, General Smith wished to recall that the Arabs themselves, especially Jordan, had refused to accept the 1947 United Nations Resolution which provided for the internationalization of Jerusalem. They had resorted to arms and the verdict of war had been given. We ourselves regretted that the internationalization had not gone into effect but that was now history.

We were not prepared to use force in the Jerusalem matter, and he was not prepared at this time to say what other steps we might take.

He had no comment to make at this time on the statement that the Foreign Office move constituted a violation of the Armistice Agreements. This would require some study.

With regard to the question of the Holy Places, General Smith understood that all the Moslem Holy Places were in the area of Jerusalem controlled by Jordan. Mr. Malik confirmed that the most important Moslem Holy Places were in fact in Jordan-held Jerusalem.

General Smith concluded by saying that we sympathize with the Arab worries and that we stand by the United Nations resolutions and by what we have ourselves said. He promised that he would convey the visitors views to Secretary Dulles.

Finally, he emphasized that the United States has a supreme interest in the Near Eastern area and that we are prepared to help the Arabs just as we have helped Israel.

In reply to General Smith's question, Mr. Jernegan said that there were several observations he would like to make on Dr. Malik's remarks, but he felt that this had better be done on a different occasion since it would involve going into details which might take too much time.

(It is of interest to note that the Jordan Embassy was not represented among the group, although Dr. Malik repeatedly said he was speaking for all the Arab States. Following a call at the Department later in the day, on a different subject, the Jordanian Minister emphasized to newspaper correspondents that he had had nothing to do with the joint approach of this morning.)

No. 648

886.411/8-1053

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Secretary of State [1]

TOP SECRET [WASHINGTON,] August 10, 1953.

Subject: Need for Early Diplomatic Initiative by U.S. Government re Arab Refugees and Related Palestine Issues.

Discussion:

The attached memorandum (Tab A) sets forth at considerable length outstanding problems in Palestine and a specific course of action in connection with the Arab refugee program. We believe that:

(1) We should take the initiative at this time in moving toward partial solutions to the Palestine problem and should anticipate Israel's diplomatic moves on an Israeli "Peace Plan" which would probably not be fruitful. We must discuss with Israel and the Arabs the question of economic use of water in the Jordan Valley. We should take action before the 8th Session of the General Assembly, and should be prepared to discuss at least the refugee aspect of the Palestine question at the Assembly. The UNRWA program and its continuation must in any case be considered at that time.

(2) The most urgent issue in the Palestine case, and one requiring top level consideration, is the progress of UNRWA. The U.N. and the Arabs have a strong moral case in demanding action looking to rehabilitation of the Arab refugees in Israel if rehabilitation is also to occur in the Arab States. The recent report of the Near East Subcommittee of the Senate, attached as Tab C, [2] is especially helpful in this connection. This report chides Jews, Arabs, and the U.N., for lack of progress, and suggests that the specific problem of the waters of the Jordan River should be tackled forthwith.

(3) We now have an authoritative basis in a study [3] financed by UNRWA and conducted by TVA to consider economic division of the waters of the Jordan as between Israel and the Kingdom of Jordan, and an evaluation of the engineering factors which leads to the conclusion that on economic grounds we can save as much as $60 million by making use of Lake Tiberias as a storage reservoir rather than creating an artificial reservoir on the Yarmuk River. This undertaking is considered to be politically impossible, unless we can arrange boundary adjustments which would, in the words

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[1] Sent through the Executive Secretariat.

[2] *Palestine Refugee Problem: Report of the Subcommittee on the Near East and Africa, Foreign Relations Committee, on The Problems of Arab Refugeees from Palestine.* 83d Cong., 1st sess., Committee Print. Washington, U.S. Government Printing Office, 1953. Not printed here.

[3] See footnote 2, Document 604.

of the Senate report, "provide the basis for joint control of Jordan waters" and would assure "that the countries concerned could depend on their continued flow." Fully realizing that an approach to joint control is likely to meet considerable resistance by both Israel and the Arab states, NEA nevertheless feels that the attempt should be made, and that there are sufficient inducements at hand to offer some chance of ultimate success.

Tab A deals with the foregoing issues in considerably greater detail.

Recommendation:

Discuss this subject with the President, and obtain his agreement to negotiate with Israel and the Arabs to obtain their agreement to an overall plan for equitable division of Jordan waters together with related territorial adjustments and the repatriation to Israel of a limited number of refugees. Tell him that we would propose to work through diplomatic channels and through the U.N. at the 8th Session of the General Assembly, and that a policy statement by him may be required at an appropriate time.

If the President concurs in this approach, we will submit to you specific steps to be taken to arrange an economic division of the Jordan waters in accordance with the TVA suggestions, with such territorial adjustments as necessary to provide a basis for joint control and continued flow of the waters in accordance with findings of the Senate subcommittee (Tab C), so that the Jordan-Yarmuk water resources may be used to best advantage and contribute toward a solution of the Arab refugee problem.

Tab A

Detailed Discussion of Need for Early Diplomatic Initiative by U.S. Government Re Arab Refugees and Related Palestine Issues

1. There is a growing Arab mood of disillusionment that your visit to the Near East and your address of June 1 have not been followed up by a visible attack on the basic causes of tension in the Palestine area.

2. An Israel "Peace Plan" (peace with the Arab States) is understood to be in preparation, for use after the 8th U.N. General Assembly, or possibly earlier. Although its features are not known, indications of Israel's attitude on peace terms make it virtually certain that this "plan" will constitute an appeal for world (especially American) support to place the Arabs at a moral disadvantage and thereby neutralize growing American interest in Arab friendship. The Israel plan, however conciliatory (it is expected to offer no

major concession), will be rejected out of hand by the Arabs because of its origin. Israel will seek to enlist advance U.S. Government blessing for its plan; in any event it is likely to seek the support of Congressional and American public opinion.

3. Israel is extremely nervous over the prospect of U.S. military aid to the Arab world; has stepped up her own orders for ordinance equipment from U.S. and elsewhere (these are being carefully screened by our secret tripartite committee with the UK and France); and may accelerate her "peace plan" and even provoke border incidents to block military aid to the Arabs.

4. The Department has received an Israeli note (Tab B)[4] calling for a regional application of Lebanon's Litani, as well as the Jordan and Yarmuk water resources along lines favoring Israel's plan to divert Jordan water to the coastal plain and the Negev. While diversion of the Litani might assist the further development of the Jordan valley, we cannot afford to delay other action in view of Lebanon's certain condemnation of such a proposal; further, Lebanon is developing her own plans for use of Litani waters in Lebanon. The Litani lies entirely in Lebanon.

5. If we are to win a measure of confidence in U.S. good will and impartiality in the Near East as well as broad support for our new policy in the United States, I am convinced we should take some action, however limited, to demonstrate our attitude before Israel seizes the diplomatic initiative and the initiative with American public opinion.

6. It is desirable that such U.S. action be undertaken unilaterally and before the regular UN 8th General Assembly session.

7. The most urgent issue—and one wherein time works clearly against area peace and stability—is that of the Palestine Arab Refugees. Linked therewith are problems of the Jordan-Yarmuk water system, boundary rectifications, repatriation, compensation and resettlement in Arab lands. Progress on existing plans for resettlement of refugees in Syria, Jordan and Egypt is painfully slow. All plans are still largely on paper, and there is no prospect for resettlement in Lebanon and Iraq. Whatever the clarity, or obscurity, of issues such as boundaries and Jerusalem, the humanitarian aspects of the refugee problem are very clear. There is an unfulfilled moral and legal obligation of Israel (as well as of the Arab States) to share in the refugee burden. Whatever may be the historic validity of Israel's present legal position of water rights and boundaries, Israel has little else but a little water and land to contribute to a solution of this problem. Her stated willingness to compensate the refugees has never been spelled out into a firm offer, and it is our

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[4] Dated July 9, not printed.

belief that such compensation would have to be made primarily with outside assistance.

8. Israel, even with its present expanded boundaries (as compared with the 1947 Partition Plan) is a crowded land of 1.6 million, yet her avowed intention is to welcome 2½ million Jews (or any releasable fraction thereof) from behind the Iron Curtain. Her renewal of relations with the USSR, while probably intended primarily to increase Israel's maneuverability between East and West, has the stated objective of encouraging this emigration to Zion.

9. Israel is in a weak moral position in welcoming such immigration, or any substantial fraction thereof, while insisting as she does that she will not permit repatriation of *any* Arab refugees. She therefore points to the security risk of such repatriation. While we recognize the security factor, it is not a decisive argument against re-admission of up to 100,000 peasants, who might work land which has lain fallow since 1948.

10. The one firm Palestine issue in which we can take a balanced, impartial position now is in regard to the duty of *both* sides to assist the UN in an accelerated program to give many of the refugees a chance to work and make their living.

11. We therefore think we should separate the refugee problem for special attack at this time. The report of the Near East Subcommittee of the Foreign Relations Committee (Tab B [*C*]) is helpful in this connection.

12. Following is a rough outline of possibilities open to the United Nations Relief and Works Agency for Palestine Refugees:

In Jordan—A general agreement has been signed that holds out prospects, if engineering and political problems are solved, of settling (out of approximately 450,000 in Jordan) between . . . 150/200,000

In Syria—Shishakli has signed an agreement covering the 80,000 refugees now in Syria, but he will not publicize this agreement and is slow in making land available to UNRWA . . . 80/80,000

In Egypt—The government has signed an agreement to provide for settlement in Sinai, has made this agreement public, and engineering studies are going ahead. Out of approximately 200,000, this might cover . . . 100/150,000

In Israel—No progress toward repatriation is noted, but a case could be made and pressed for as many as . . . 100/100,000

In Lebanon—Lebanon has so far refused to settle any of the approximately 100,000 refugeees camped in her territory, fearing to upset her delicate balance between Christians and Muslims.

In Iraq—Iraq has refused to cooperate beyond sheltering approximately 5,000 refugees. Her reasons are insistence on repatriation and on her primary duty to settle Bedouins and other indigents.

Total prospects in sight therefore are within the range of . . . 430/530,000

13. This leaves about 320/420,000 refugees unprovided for. Our timetable for the lower range of prospective settlement is admittedly a long one.

14. The most immediate hope for action lies in Jordan, and local hopes are high for development of the Jordan Valley. Economic and time-saving development of the Jordan Valley requires action specifically directed at the problem of the Jordan River.

As a result of a study financed by the United Nations Relief and Works Agency for Palestine Refugees and conducted by the Tennessee Valley Authority, who employed Chas. T. Main, Inc., of Boston, as consulting engineers, we are in a position to determine basic engineering factors regarding the use of waters within the Jordan watershed. From these facts it is necessary to draw conclusions both economic and political in their nature.

Israel's political boundaries were designed with a view to obtaining access to strategic points on the Jordan River in order to be able to divert a substantial volume of the waters of the river into Israel. These plans are in conflict with those of the Arab States. A realization of Israel's plans to the full extent would preclude the irrigation of more than one-third of the Jordan Valley; our principal hope for the rehabilitation of a sizeable number of the Arab refugees rests on the irrigation of the entire valley.

Based on the belief that any substantial territorial readjustments would be impossible to achieve, the Jordanian government, with the use of U.S. technicians under the Technical Assistance program, is advocating the development of a storage dam on the Yarmuk River at a site which is within the control of Syria and Jordan. Analysis by the TVA and their consultants indicates that a dam and the necessary appurtenances at the proposed site at Maqarin would cost approximately $66,000,000, and would take five to eight years to construct. Because of the nature of the terrain, the resultant reservoir would not serve as a satisfactory regulator of the flow of the Yarmuk River, as an insufficient quantity of water could be stored to avail to the full of the irregularities in the flow of the river over a period of years. Furthermore, from the best estimates available, in which the TCA engineers in Jordan concur, the regulated flow of the Yarmuk would barely suffice to provide the necessary water to irrigate the eastern side of the Jordan Valley, leaving the western side of the Valley in Jordan territory unserved except to the extent irrigation could be conducted on the western side by control of the wadis flowing into the Jordan from west to east and from underground water. These sources are inadequate to serve more than a fraction of the west side of the Valley.

The economic approach to the irrigation of the Jordan Valley requires the use of Lake Tiberias, a natural reservoir, for storage and regulation of the flow both of the Jordan and the Yarmuk Rivers. It would involve an eventual division of the waters involving the use by Jordan of 774 million cubic meters annually, and by Israel of 394 millions, resulting in irrigation of 490,000 dunums in Jordan and 416,000 dunums in Israel. Use of Lake Tiberias as a reservoir would require the construction of a diversion canal from the Yarmuk River into Lake Tiberias and a small increase in the height of the present dam at the outlet of the Lake. The costs of these two operations are insignificant in comparison to the cost of a high dam on the Yarmuk, and much less time-consuming. It is estimated that increasing the height of the dam at Lake Tiberias would require the expenditure of about $700,000, and that the construction of a canal from the Yarmuk into Lake Tiberias would cost approximately $2,300,000.

Furthermore, these works could be undertaken and completed within a two-year period. Development of the Jordan Valley along these lines would permit sufficient water to be available from the Jordan and the Yarmuk rivers to irrigate substantially all of the available land of the Valley, both on the east and west sides of the river. A smaller dam than presently contemplated could be built at Maqarin to provide electric power.

This development, on the other hand, presents two great obstacles: first, it will require Israel to renounce her claims to more than 400 million cubic meters of water for diversion into Israel. Israel had counted on 850 million cubic meters for irrigation, on which in turn her hopes for an expanded population are based. Israel has further sought the presently unused waters of the Lebanon's Litani, for which river Lebanon is developing other plans for part if not all of its waters. The proposed development of the Jordan would also require an adjustment of boundaries at the southern end of Lake Tiberias to enable the Arabs to be reassured as to their continued supply of water from Lake Tiberias. Israel's boundaries presently extend to the east of the Jordan and of Lake Tiberias, and the Arabs will not agree that their resources of water be under the physical control of the Israelis. This subject was considered by the subcommittee of the Senate which recently considered the Palestine Refugee problem, and the report of the Senate Subcommittee (Tab C) reads in part as follows:

> ". . .The United States is prepared to furnish its share of the technical services and funds, but essential to the success of the project is effective action by the United Nations to secure an understanding on the disputed issues of water rights, and adequate measures to assure the appropriate control of these waters so that countries concerned could depend on their continued flow. Territo-

rial adjustments to provide the basis for joint control should be considered."

It should be noted that Israel's ability to divert substantial volumes of water from the Jordan and its tributaries north of Lake Tiberias on an economical basis depends on the cooperation of Syria and Lebanon to permit Israel to carry out construction in the demilitarized zone on the upper Jordan, and to permit storage of certain waters in their own territories. It is significant that negotiations between Syria and Israel looking to boundary settlements on the Jordan have recently been broken off.

Funds which are available for special economic aid to the Near East could provide inducement to Israel to agree to the proposed division of waters, if a portion of these funds were directed to development of Israel's share of upper Jordan waters. Progress is now stalled because of Syrian and Lebanese opposition, and shortage of funds. Syrian and Lebanese opposition to Israel's development of the upper Jordan waters in the demilitarized zones might conceivably be overcome if resultant benefits to the Arabs in Jordan were demonstrated.

No. 649

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National Intelligence Estimate [1]

SECRET
NIE-92

WASHINGTON, 18 August 1953.

ISRAEL

THE PROBLEM

To estimate the current situation and probable developments in Israel.

CONCLUSIONS

1. The prolonged and bitter conflict between Israel and the Arab states profoundly influences Israel's relations with the outside

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[1] A note on the cover sheet reads as follows:

"The Intelligence Advisory Committee concurred in this estimate on 11 August 1953. The FBI abstained, the subject being outside of its jurisdiction.

"The following member organizations of the Intelligence Advisory Committee participated with the Central Intelligence Agency in the preparation of this estimate: The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff."

world and many aspects of its internal situation. The Arab-Israeli dispute has seriously damaged the US security position in the Middle East.

2. There appears to be no prospect of a full peace settlement between Israel and the Arab states for many years, though certain specific Arab-Israeli problems might be resolved.

3. In the present highly charged atmosphere, war could break out between Israel and the Arab states as the result of accident. However, an early renewal of hostilities is unlikely as long as there is a near equilibrium of Israeli and Arab military strength and the US, the UK, and France exert a restraining influence on both sides.

4. Israel fears a build-up of Arab military strength by the Western Powers and will make every effort either to prevent such a build-up or to maintain the present power relationship by obtaining equal aid for Israel.

5. Israel has sought good relations with both the US and the USSR. It has also sought to gain a bargaining advantage from the East-West struggle. We believe that Israel will probably endeavor to remain neutral in the East-West struggle as long as possible, but is, under present circumstances, more favorably disposed toward the West. In time of war, however, Israel will follow the course that it deems most expedient in the light of the pressures and inducements existing at the time.

6. Because of Israel's strategic position and communication facilities, wartime access to Israeli territory is highly desirable for the defense of the Middle East by the Western Powers. However, peacetime arrangements for the use by the West of Israeli territory are unlikely and would almost certainly provoke bitter Arab ill-will.

7. Israel is now politically stable under a coalition government which is dominated by Israel's strongest political party, the moderate socialist Mapai. Israel will probably continue to be governed by moderates who will be able to control the country without departing from the established democratic system. Under crisis conditions, however, the government would probably take effective measures to maintain control.

8. Israel's economic position is precarious. Israel is not self-supporting economically and even under the most favorable circumstances is unlikely to become so for many years. Israel's scanty resources are wholly inadequate to provide for the settlement of Jewish immigrants, maintain armed forces capable of defending the country against concerted Arab attack, and support the standard of living to which the government is committed. Israel has given a higher priority to the task of taking in Jewish immigrants

and refugees and to the huge burden of military defense of the state's existence than to the development of a balanced national economy.

9. Israel has been and will continue to be heavily dependent on public and private foreign aid. Israel can probably maintain precarious solvency if substantial foreign aid continues to be available. Sharp curtailment of foreign aid would require further downward revision of the investment program and/or downward revision of military preparedness expenditure; failure to make such cuts in expenditure would result in graver financial difficulties and a lowered standard of living. Israel would probably choose a slower rate of development or a lowered standard of living in preference to reduced military security. Renewed mass immigration or outright warfare with the Arab states would require increased funds from foreign sources to prevent economic collapse.

DISCUSSION

10. Israel has an importance out of proportion to its size, population, and resources because: (a) it is one of the key factors in the current instability in the Arab states, and (b) it has the political and financial support of the Zionist movement and of many influential groups and persons in the Western nations, particularly the US.

11. Beginning in the last decade of the nineteenth century, the Zionist movement encouraged Jewish immigration into Palestine with the object of founding a Jewish state. Immigration was stimulated by the intensification of anti-semitism associated with Hitler's accession to power, and the Jewish population of Palestine grew from about 200,000 in 1932 to about 650,000 in 1948. Persistent efforts by the British Mandate Government and by the UN to reconcile conflicting Jewish and Arab aims failed to stay the increasingly violent conflict between the two groups. A UN plan to partition Palestine between Jews and Arabs was rejected by the Arabs in 1947. The proposed Jewish state of some 900,000 persons would have included about 400,000 Arabs and the proposed Arab state of some 735,000 persons would have included about 10,000 Jews. Immediately after passage of the partition resolution, strife between Jews and Arabs increased throughout the area. Irregular but hard fighting broke out in December 1947, and by May 1948 a few hundred thousand Arabs had been driven from their homes. The British Government gave notice that it would terminate the Mandate on 15 May 1948; the Mandate under which Palestine had been ruled since 1923 came to an end at midnight on 14 May 1948; and the situation was left to the UN and to the conflicting parties. Immediately following the withdrawal of the British, Jewish lead-

ers proclaimed the new state of Israel, and the armies of the surrounding Arab countries entered Palestine for the avowed purpose of helping the Arab population and bringing about the fall of Israel.

12. Conflicts of national and personal interest and policy disorganized the efforts of the Arab states, and their armies proved inferior to the skillful and determined Israeli forces. The decisive military defeat of the Arab effort led to the signing of armistice agreements between Israel and the Arab states of Egypt, Syria, Jordan, and Lebanon between February and July 1949. Armistice lines were agreed to on the basis of troop dispositions at the end of hostilities. Israel accordingly retained about 30 percent more territory than was allotted to it in the UN Partition Plan of 1947, including most of the New City of Jerusalem and a wide corridor leading to it. A large segment of central Palestine on the west bank of the Jordan River, including a small but highly strategic part of the New City of Jerusalem and all of the Old City and the Holy Places, went to Jordan. The Arab state provided for by the Partition Plan never came into existence, its territory having been appropriated by Israel and Jordan. The flight of Arab refugees during the period of the civil war and the Arab states-Israeli war which followed the departure of the British reduced the Arab population in what is now Israel from about 1,000,000 to about 175,000. Immigration has since increased the Jewish population of Israel from about 650,000 to almost 1,350,000.

13. Efforts by the UN and individual states to bring about a peace settlement have been fruitless. The armistice lines between Israel and the four contiguous Arab states are supervised by four Mixed Armistice Commissions under a UN Truce Supervision Organization. The Israeli-Jordanian armistice line is the scene of frequent incidents. UN resolutions in 1948 and 1949 favoring the internationalization of Jerusalem and the right of about 800,000 Palestinian Arab refugees to return to their homes and property or to receive compensation have not been enforced. Israel is involved in a cold war with the Arab states which has a profound influence upon its political and economic life and its relations with other states.

Government and Politics

14. A unique historical experience has produced in Israel a people imbued with a sense of the righteousness of their cause and bitterly hostile to those who oppose them. Their leaders are skilled and ruthless and are not disinclined to use force to gain their ends. Both people and leaders appear convinced that there is a special moral justification for any action that helps Israel. . . .

15. The people of Israel have come together from many parts of the world but the majority is united by: (a) the ideal of the Jewish homeland and the shared experience of building a new state; (b) widespread acceptance of a European social-democratic political ideology; and (c) a relatively high level of education and political activity. These provide the foundation for a political system on a European democratic model.

16. The integration of groups of various backgrounds into a national structure still constitutes a problem for Israel, however, and some religious, ethnic, and political minorities are still unassimilated. The greatest single problem of integration is posed by the backward "oriental" Jews who have immigrated from African and Asiatic countries since the Palestine war and now make up about 21 percent of the population.

17. The government is a parliamentary republican democracy of the Western type which has proved to be basically sound in spite of the tendency of Israel's numerous political parties frequently to divide and regroup. Israel was able to set up an effective government in May 1948 without delay because institutions inside and outside Palestine had for many years performed many of the functions of government for the Jews of Palestine. Although Israel is, in a sense, an outgrowth of the World Zionist Organization and the Jewish Agency and still depends upon them for financial support, Jewish leaders in Palestine assumed political control of Israel when the state was established and have made it a self-governing state in full control of its own policy.

18. The greatest concentration of political power is in the moderate socialist Mapai party, which has the advantage of the astute and experienced leadership of Prime Minister David Ben-Gurion and the support of most of the collective agricultural settlements. It also draws strength from its dominant position in the Histadrut, a unique labor organization which not only represents the majority of Israeli laborers but, as the sponsor of numerous collective development enterprises, is also the largest entrepreneur and employer of labor in the country. Mapai, however, has never held a majority of the seats in the unicameral parliament (Knesset) and so has had to resort to coalition government. Mapai has had difficulty in forming a stable coalition with any of the other large political parties. Its secular policies clash with the religious tenets of the United Religious Front; its socialistic economic policies conflict with the conservative economic views of the General Zionist party; and its policies toward the West have in the past been unacceptable to the more radical left-wing Mapam party.

19. In the most recent general election (July 1951) Mapai won 45 and the General Zionists 20 out of 120 seats in the Parliament. The

present Mapai–General Zionist coalition was formed on 23 December 1952 after the breakup of the Mapai–United Religious Front coalition. Mapai and the General Zionists have had difficulties in reconciling their divergent economic views and their attitudes toward the extreme left. However, they have in general managed to agree on policies of favoring immigration of Jews of European background (while professing to support the principle of unrestricted immigration), of toughness towards the Arabs, and of noninvolvement in East-West issues. No basic change in the political situation in Israel is in prospect, and Mapai will probably continue to be the strongest party.

20. Israel is the only Middle Eastern state in which the Communist Party is not illegal. * Communist strength has declined in Israel since 1949, and the revival of Soviet anti-Zionism in 1952 and early 1953 has further decreased Communist influence. It is possible that a shift of Soviet tactics, such as abandonment of the anti-Zionist campaign and the renewal of Soviet-Israeli diplomatic relations in July 1953, might regain some of the lost ground, though it is unlikely that Israeli distrust of Soviet policy could quickly be overcome. The Communist Party has an estimated membership of about 4,000, 25 percent of which are Arabs, mostly Christian, and is supported by several "front" groups affiliated with international Communist organizations. It has 5 seats in parliament. The Israeli Communist Party also provides counsel, direction, and propaganda to Communists in Jordan, particularly among Arab refugee groups. Communist strength, like that of other opposition parties, would probably be increased by any serious economic or political crisis which discredited the government or caused widespread privation.

21. The strength and appeal of other extremist political parties of both the right and the left have decreased since 1951. Left-wing influence may, however, rise again as a result of improved Israeli-Soviet relations. The extreme left-wing Mapam party has some labor support and is still influential in some of the collective settlements. However, Mapam has been split and its strength in parliament reduced from 15 to 11 seats as a result of a conflict over policy toward the Soviet Union. Mapam's pro-Soviet wing has seceded and formed the Left Socialist party, which has two seats in parliament, but is not expected to exert as great an influence as it did as part of Mapam. The right-wing Herut party, which is the political heir of the terrorists of the Mandate period and expresses a latent popular view in its dedication to Israel's expansion, has only 8 seats in parliament and is not now politically important.

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* There is a small legal Communist Party in Cyprus. [Footnote in the source text.]

22. Military policy is dominated by Prime Minister David Ben-Gurion, who is also Minister of Defense. Military personnel in Israel do not take part in partisan politics, and the armed forces are likely to remain under civilian control. The influence of military considerations on the political and economic life of Israel is, however, considerable because of extreme security consciousness in the country.

23. Israel is now politically stable and will probably continue to be governed by moderates who will be able to control the country without departing from the established democratic system. In the event of extreme economic or political crisis, however, latent tendencies to violence, which showed themselves in the terrorist activities of the Mandate period and during the Palestine war, might be reasserted. In such an event the government would probably take effective measures to maintain control.

Economic Situation and Prospects

24. Israel's economic situation is precarious. Neither the country nor its government has been self-supporting, and despite real progress in the direction of improved production and increased revenues the gap between Israel's means and Israel's expenditures remains large. After 5 years of national existence, Israel's exports pay for only 15 percent of its imports, and the country imports half its food. From the beginning, Israel has depended upon the financial help of the World Zionist Organization and upon other public and private grants and loans. Since 1948, outside aid has totaled more than one billion dollars. Israel has received almost $800 million in grants, loans, and gifts from the US, about two-thirds of which has come from private sources.

25. Israel has endeavored to move in the direction of greater self-sufficiency with regard to both increased national production and increased government revenues. Despite considerable progress in these directions, major state objectives have received government precedence overriding the attainment of a balanced economy. These overriding objectives are the "ingathering of the exiles" and the security of the State.

a. *Immigrant Settlement.* The cost of caring for and settling about 700,000 immigrants since 1948 has caused Israel to neglect and delay the development of its productive facilities. Between 1948 and 1952 about one-third of Israel's gross national expenditure was invested. A large proportion of this investment went into immigrant settlement projects, but it is estimated that twice as much investment would have been required to integrate the immigrants into the economy. In the past year immigration has fallen off sharply.

b. *Security.* The demand for the maintenance of armed forces and equipment capable of defending the country against the combined forces of the Arab states has also been a large drain on Israel's resources. Israel's defense costs are currently over 40 percent of the ordinary budget and almost 30 percent of total receipts (including foreign public and private aid) allocated for all purposes, including development.

26. Certain other factors have contributed to Israel's failure to raise productivity sufficiently to reduce its dependence upon foreign aid. These factors have to do with national and human resources and with customary living standards, and have a continuing long-range importance with respect to the possible future ability of the Israeli economy to become self-supporting.

a. *Scarcity of Natural Resources.* Israel is deficient in native raw materials and energy sources, and Israeli industry is heavily dependent upon imported materials, machinery, and fuel. In 1952, foreign exchange stringency and other causes brought about a raw materials shortage which forced Israeli industry to operate at only 50 percent of capacity. The cultivated area can be substantially increased only through costly irrigation works to fully utilize scarce water resources.

b. *Nature of Labor Force.* The skills possessed by the immigrants from European or other industrialized states have not in the main been well suited to the needs of Israel, and for a country so desperately in need of development, an excessive proportion of the working population is engaged in commercial and service work. There is a shortage of technically skilled labor of the kind needed to increase industrial production, and there are not enough scientific technicians presently available or in training to meet the country's needs. The low productivity of Israeli labor makes it difficult for Israeli industry to compete effectively in the export market. Israeli labor has shown little inclination for agricultural work, except in highly developed areas, and the government has found it extremely difficult to persuade people to work the marginal hill farms formerly tilled by the Arabs. The "oriental" Jews have been almost a dead weight on the economy.

c. *Standard of Living.* The European background of most of its population and the socialist labor outlook of its top leadership have led Israel to provide social services and maintain a general level of consumption and a wage scale beyond Israel's present capacity to support from its own resources. While Israel's standard of living is austere in comparison with the US, it is far above that of the neighboring Arab states and higher than that of Italy and Yugoslavia.

d. *Reliance on Foreign Aid.* The Israeli Government and people assume that world Jewry and the US have an obligation to continue subsidizing them. This attitude has not only reinforced their reluctance to undertake measures of austerity necessary to make Israeli self-supporting at an early date, but has also encouraged an irresponsible accumulation of short-term debts.

27. The various economic forces thus at work in Israel have produced a strong inflationary trend. This has been slowed down by a series of government measures: (a) credit has been greatly restricted; (b) the government has pledged itself not to issue more land bonds or treasury bills; (c) subsidies on consumption goods have been removed or reduced; and (d) some surplus purchasing power has been siphoned off by a variety of administrative devices. On the other hand, these measures have contributed to increased unemployment and the slowing down of privately financed economic expansion. The government has completed an agreement with West Germany for the payment of about $750 million over the next 12 years in German goods as reparation for Nazi damages against Jewry. This agreement will bring some improvement in Israel's difficult foreign exchange position.

28. While it has been assumed by both Israelis and Arabs that the Arab boycott and blockade constitutes an important obstacle to Israel's becoming self-supporting, it is unlikely that Arab abandonment of these measures would result in a very significant change in Israel's economic situation. Even without current Arab economic warfare measures, Israel's prospects for extensive trade with the Near East would probably be limited. The Arabs can produce many consumer goods more cheaply than Israel, and it is unlikely that Israeli industry can compete in the Arab market with the industries of the US, Europe, and Japan. The principal advantages to Israel that would follow cessation of the Arab boycott and blockade would be to reduce petroleum costs and enable the Haifa refinery to earn some foreign exchange. Israel could also expect lower prices for some imported foods. Thus, while relaxation of the boycott might bring some alleviation of economic difficulties, it would not solve the fundamental problems of the Israeli economy. Only a full peace settlement would bring substantial economic benefits to Israel, by making possible a reduction in defense expenditures.

29. It is unlikely that even under the most favorable circumstances Israel will become economically self-supporting for many years. The country will probably face successive economic crises like the prospective default on short-term government debts in the autumn of 1953 and spring of 1954. The country's long-term problems will continue to be low productivity in relation to consumption and development requirements, and the continued imbalance of exports and imports. The government's economic policies, if maintained, will continue to discourage private foreign investors who see neither chance of profit nor opportunity for secure investment in Israel.

30. Israel can probably maintain precarious solvency if substantial foreign aid continues to be available. Sharp curtailment of for-

eign aid would require further downward revision of the investment program and/or downward revision of military preparedness expenditure; failure to make such cuts in expenditure would result in graver financial difficulties and stronger inflationary trends which would affect the standard of living. Israel, however, regards national survival as its major problem and would be more inclined to accept a slower rate of development or a reduced standard of living than to reduce its military expenditure. Since crisis tends to stimulate outside assistance, Israel might deliberately provoke incidents with its neighbors in order to maintain the flow of funds. Renewed mass immigration or outright warfare with the Arab states would require increased funds from foreign sources to prevent economic collapse.

31. Scientists and scientific institutions make an important contribution to the development of the Israeli economy and maintain high scientific research standards. Israel has an adequate number of research scientists and teachers, but suffers from a shortage of trained technologists.

Military Capabilities

32. The Israeli Army is estimated to number about 50,000. Like the Arab armies, it is equipped with heterogeneous and obsolescent weapons. Israel also has about 145,000 trained reservists. From these, it could probably, in a period of national crisis, augment its organized forces to about 100,000 and provide many irregulars for local defense of cities and rural settlements. It could probably not support an army larger than 60,000 men for more than a few weeks without a substantial increase of outside financial and matériel support. Israel claims a mobilization potential of four infantry divisions, which would be built up from the four existing regional commands, and an armored division. In order to raise such a force, Israel would have to mobilize about one-third of all male Israelis between 15 and 49, with serious effects upon the economy. Futhermore, Israel is probably not capable at the present time of equipping more than three divisions, and those only partially.

33. The Israeli Air Force has a total personnel strength of about 2,600, including approximately 250 pilots, plus another 1,500 persons assigned to the Air Defense Force and to anti-aircraft artillery units. The Air Force has a heterogeneous collection of about 450 World War II-type aircraft of Western manufacture of which about half are in long-time storage. Less than half of the total are combat types. Fifteen Meteor jet fighters are on order from the UK, of which two have arrived in Israel. The airfield system in Israel is capable of supporting limited combat operations. There are twenty airfields, only one of which is capable of supporting sustained

combat operations by jet aircraft. Four are potential bases for heavy and medium bombers, and seven additional airfields are readily adaptable for jet fighter operations. Significant expansion of the Israeli Air Force would be possible only with outside help.

34. The Israeli Navy has a personnel strength of about 3,000 and a collection of 30 World War II craft of varied origin, the most important of which are three frigates. Basic seamanship and shiphandling are of a high order, but there is a lack of modern equipment. Israel is at present incapable of significantly expanding and developing its Navy.

35. The Israeli Army is presently capable of repelling attack by any or all the armies of the Arab states and of maintaining internal security. The Israeli Air Force could carry out its mission of defense against an attack by a coalition of the Arab states and could bomb the Arab capitals. The Israeli Navy could dispose of the Egyptian Navy, which is the only Arab naval force likely to come against it. The Israeli armed forces probably could not win a war of conquest against a coalition of the Arab states, though they could win local tactical advantages if they could attack the Arab armies separately. Quantities of arms, ammunition, and equipment are believed to be more than sufficient for immediate defense purposes, but not for a long war. Outside military and economic aid would be a major factor in determining the outcome of a war between Israel and the Arab states.

36. Morale in the armed forces is generally good. There are a few Communists in the Israeli armed forces, but they are believed to be under control. Neither members of Mapam nor the survivors of the Irgun and Stern Gang terrorist organizations are believed to have an important influence.

37. The Israeli Army performs an important function in integrating new immigrants and members of minority groups into the community through the universal military training program, which includes indoctrination in citizenship and hygiene as well as military training.

38. Israel has a small but expanding munitions industry which produces small arms and ammunition and certain other items. Its current output is equal to or greater than the total output of the Arab states, and its capacity is in excess of Israel's current needs. Israel has sufficient repair and maintenance facilities to take care of the needs of the army and air force at present operational levels. Israel has expressed an interest in US offshore procurement orders, but the Israeli munitions industry is probably not capable of satisfactorily executing such orders for technical as well as economic reasons.

Israel and the Arab States

39. The prolonged and bitter conflict between Israel and the Arab states profoundly influences Israel's relations with the outside world and many aspects of its internal situation. Conflict with the Arabs has come to seem a normal factor in Israel's existence, and in adjusting themselves to this situation the Israelis have come to regard a tough policy toward the Arabs as a practical necessity. The Israelis believe that Israel is theirs by moral right, by right of conquest, and by virtue of the fact that they have retrieved it from centuries of neglect by a backward people. They would like to reduce defense expenditures and to see an end to the Arab boycott and blockade. However, because of intransigeance on both sides, virtually no progress has been made toward a settlement of the three outstanding issues: the Arab refugees, the establishment of permanent borders, and the status of Jerusalem.

40. To the Arabs, Israel is a creation of "Western Imperialism" and a symbol of Arab defeat and humiliation. It is the favorite grievance of almost all Arabs and a talking point for the most extreme nationalists. The Arab states have refused to discuss a peace settlement with Israel and have supported the Arab League boycott and blockade, hoping to weaken Israel and bring about an eventual increase of Arab strength relative to Israel's. Some Arab leaders may have begun to believe that compromise with Israel is now their most realistic course of action, but none has been willing to propose it publicly.

41. Of the three principal Arab-Israeli issues, the disposition of the Arab refugees presents by far the most substantial problem. 800,000-900,000 Palestinian Arabs fled or were driven from their homes in Israel into the surrounding Arab states. Almost all of them are dependent upon rations supplied by the UN, and about one-third occupy camps which are centers of unrest and targets of extremist propaganda ranging from that of the ex-Mufti to that of the Communists. The refugees themselves demand repatriation. Any inclination on their part to accept resettlement in the Arab states has been dissipated by the reactions of the Arab governments and of Arab extremist leaders of the left and right. The Arab states take the position that, in accordance with the UN resolution of December 1948, the refugees should be allowed, should they so desire, to return to their homes and property, or in the alternative to receive compensation from the Israeli Government. Israel is firmly opposed to the principle of repatriation, arguing that a mass return of Arabs would threaten the security of the Jewish state and would disrupt its economy. In this impasse, the burden of supporting the refugees has been almost wholly assumed

by the United Nations. The Arab governments have taken almost no effective steps to resettle the refugees, probably preferring to exploit this issue as a means of influencing international public opinion. Syria and Egypt have signed agreements with the UN on resettlement plans, but nothing has yet been accomplished. It is probable that the vast majority of these refugees will ultimately have to be resettled in the Arab states because of their unsuitability for emigration to non-Arab countries.

42. A major current problem growing out of the failure to establish permanent borders is that of incidents along the armistice-line borders. Arabs from Jordan, many of them refugees, frequently cross the line to smuggle, steal, or visit their former homes and fields in Israel, and acts of violence frequently result. However, the Israeli policy of "active defense," pursuit of infiltrators into Jordan territory, and reprisal raids is probably responsible for the majority of serious incidents along the border. Strong representations to Israel and Jordan by the US and UK in May 1953 temporarily improved the situation, but incidents continue to recur. The armistice lines between Israel and Syria, Lebanon, and Egypt have been relatively free of such incidents since: (a) there is a lower concentration of refugees along lines close to their former homes; (b) the lines largely follow previous international boundaries; (c) the length of line and difficulty of terrain is less than in the Jordan-Israeli line. The Arabs now demand a return to the 1947 Partition Plan boundaries, which the Israelis reject as obsolete.

43. The Israelis have established their capital in the New City of Jerusalem. This violates UN resolutions and is regarded by the Arabs as evidence of Israeli willingness to defy international opinion and of Israeli ability to do so successfully. Though the Jordanians, who presently occupy the Old City and a small but highly strategic part of the New City, would probably accept the present arrangment, officials in all the Arab states insist upon the internationalization of the city.

44. Both Arabs and Israelis are psychologically capable of taking aggressive action, and in the present highly charged atmosphere, war could break out between them as the result of accident. However, we believe that an early renewal of full-scale hostilities is unlikely because, though Israel is strong enough to defend itself against Arab attack, it probably believes that it could not substantially expand its territory by an aggressive attack on the Arab states. Furthermore, Israel is restrained from aggression against the Arab states by fear of jeopardizing Western, especially US, support and by the possibility that an attack on Jordan might bring into effect the guarantees of the Anglo-Jordanian Treaty of Alliance, and the UK, French, US Tripartite Declaration of May 1950.

45. The Tripartite Declaration, in which the US, the UK, and France promised to prevent violation of the armistice lines, has probably had a restraining influence on both sides. A reaffirmation of the Declaration might further reduce the possibility of renewed hostilities, but probably only if it were restated so as to provide for specific punitive military action and economic sanctions as guarantees against Israeli or Arab aggression.

46. There appears to be no prospect of a full peace settlement between Israel and the Arab states for many years. Israel will almost certainly not change its position on the territorial, refugee, and Jerusalem issues. The Arabs will almost certainly refuse a general settlement that does not provide for boundary adjustment, refugee repatriation, and the internationalization of Jerusalem. They feel that the UN resolutions support their position on these issues, and that ultimately Israel will be forced to accept terms favorable to the Arabs. Furthermore, the Arabs will be reluctant to enter into normal relations with the state of Israel because they fear Israeli economic penetration and political intrigue.

47. It is, however, possible that certain specific Arab-Israeli problems will be resolved. Both Arabs and Israelis have shown a willingness to discuss better arrangements for the control of the armistice lines. Israel has expressed readiness to release a portion of the blocked Arab accounts. There have been indications that Israel might be willing to agree to slight modifications of its *de facto* borders, free port facilities in Haifa for Jordan, and a lump sum compensation for Arab property. In return, however, Israel would probably demand: reciprocal boundary rectifications, abolition of the economic boycott, and implementation of the UN Security Council Resolution of 1951 calling on Egypt to cease restrictions on shipping through the Suez Canal. In the present state of public opinion, Arab leaders will find it difficult to make such concessions. However, the Revolutionary Command Council government of Egypt, if successful in other fields, might take the lead in formulating a more conciliatory Arab policy toward Israel. The willingness of both sides to compromise and negotiate might be affected by a persistent Western policy of pressure and inducement, although neither Arab nor Israeli dispositions have thus far been significantly affected by limited Western efforts to achieve a compromise settlement.

Israel and the Great Powers

48. Israel has no ideological reason for being unequivocally on one side or the other in the East-West struggle. The influential socialist-labor movement in Israel takes the position that the East-West conflict is one between the extremes of capitalism and Com-

munism, and that the middle-ground of socialism is superior to both. In order to insure the continuance of US aid and to keep the way open for the emigration of Jews from the Soviet Bloc, Israel has sought good relations with both the US and the USSR. It has also sought to gain a bargaining advantage from the East-West power struggle. We believe that Israel will probably endeavor to remain neutral in the East-West struggle as long as possible, but is, under present circumstances, more favorably disposed toward the West. Israelis are aware of the extent of their economic dependence upon the West. They are, moreover, suspicious of Russia, with its long record of anti-semitism and anti-Zionism and its totalitarian form of government, and probably also doubt the likelihood of getting any substantial number of emigrants from the Soviet Bloc. In time of war, however, Israel will follow the course that it deems most expedient in the light of the pressures and inducements existing at the time.

49. The USSR controls the only pool of probable future immigrants to Israel. The USSR is fully aware of this and of the potential which it gives them for throwing the Near East into turmoil. If the Soviet Bloc were to remove barriers to the emigration of its two and one-half million Jews, Arab fears of Israeli expansion would be increased, since they would be fully conscious of the pressures of a greatly expanded Israeli population for more land and resources. The "ingathering" of any considerable portion of the Soviet Bloc Jews would swamp Israel's already precarious economy and would require greatly increased financial and material assistance. However, a decision to permit the wholesale immigration of Soviet Bloc Jews to Israel would constitute a reversal of long established policies toward Soviet peoples, Jews or otherwise.

50. One of Israel's most difficult foreign policy problems stems from the conflict between Western interest in the defense of the Middle East against Soviet aggression and Israel's interest in security from attack by the Arab states. Israel fears a build-up of Arab military strength by the Western Powers and will make every effort either to prevent such a build-up or to maintain the present power relationship by obtaining equal aid for Israel. To maintain this relationship, Israel will almost certainly bring increased pressure to bear on the Western Powers, including the creation of border incidents, in order to support the argument that the Arabs are not to be trusted with additional arms.

51. Israel in the past has expressed a desire to join a regional defense organization for the Middle East under the sponsorship of the Western Powers. Its principal object was probably to participate in any rearmament program that develops, and to be in a position to observe and protest measures which would increase Arab strength

relative to its own. In re-establishing diplomatic relations with the USSR on 20 July 1953, Israel promised not to join any "aggressive alliance directed against the USSR." This undertaking is in line with Israeli policy of not aligning itself with either the West or the USSR until forced to do so. It would not, however, be regarded by the Israelis as inhibiting their participation in defense arrangements for the Middle East if it seemed advantageous.

US Security Interests in the Middle East

52. The Arab-Israeli dispute has seriously damaged the US security position in the Middle East by increasing area instability, by adding to the difficulty of organizing area defense, and by posing a continuing threat of armed conflict. The Arabs belief that the US favors Israeli interests over their own has been chiefly responsible for the decline of US prestige and influence in the Arab world.

53. Because of Israel's strategic position and communication facilities, wartime access to Israeli territory is highly desirable for the defense of the Middle East by the Western Powers. However, in the present state of Arab-Israeli relations, peacetime arrangements for the use by the West of Israel's position and facilities would almost certainly provoke bitter Arab ill-will and jeopardize Western use of facilities in Arab countries. Moreover, Israel would demand an exorbitant price for any such peacetime arrangements, and has already indicated firm opposition to the stationing of foreign troops in its territory prior to the outbreak of war. Even in the event of hostilities, Israeli troops could probably not be used in combined operations with Arab forces, and Israel would be unlikely to send its own troops outside the country for fear of Arab attack. Israel would, however, fight tenaciously in defense of its own territory.

No. 650

684A.85/8-1753: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET PRIORITY WASHINGTON, August 22, 1953.

154. Tel Aviv tel 215, Jerusalem tel 25, [2] Amman tel 82. [3]

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[1] Repeated to Amman priority as telegram 81 and to Jerusalem priority, London, and Paris; sent by air pouch to Beirut, Baghdad, Cairo, Damascus, and Jidda.

[2] Neither printed.

[3] Telegram 82 from Amman, Aug. 17, reported in part that the Arab Legion was strengthening in the Mount Scopus area out of alarm at the Israeli build-up in the Jerusalem area. Considerable augmentation and reinforcement of defensive positions was noted by the Army Attaché. (684A.86/8-1753)

1. In course August 19 farewell call by Eban prior his departure for consultation Israel, Byroade told him US very disturbed over troubled military situation in Jerusalem area, especially indications troop build-ups both sides border which reportedly began on Israel side. Eban promised look into matter.

2. British Embassy Washington has informed Dept UK intention make representations to Israel on basis three August 11 hit and run reprisal raids for which Israel condemned by MAC, and has indicated desire for parallel US action.

3. Dept believes deterioration border situation warrants further expression USG's concern to Israel Govt by Embassy Tel Aviv which accordingly instructed raise subject with Israel Government, utilizing possible visit by Sharett to Tel Aviv this week-end for purpose. Matter should be broached by referring 1) Byroade's remarks Eban August 19 and 2) MAC's August 12 condemnation Wadi Fukin, Surif and Idna attacks by IDF, and inquiring what Israel Govt's intentions are in present situation. USG deeply disturbed at resumption Israel reprisals methods.

4. Embassy Amman should inform Govt HKJ that unsettled border is matter great concern to us, that we are following it closely, and that US hopes HKJ will redouble its efforts prevent infiltration. At Embassy's discretion may also state US making representations to Israel Govt over recent IDF attacks on Jordan villages.

5. Embassy Tel Aviv may in its discretion inform Israel Govt of US expressions of concern in Amman.

6. Department has consulted with British and French Embassies re foregoing. London believed to be instructing British Embassy Tel Aviv and possibly also Amman to make generally similar representations.[4]

SMITH

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[4] Chargé Russell reported on Aug. 24 that an *aide-mémoire* along the lines of telegram 154 was delivered that day to the Foreign Ministry liaison office at Hakirya. In accordance with paragraph 5 of telegram 154, the *aide-mémoire* informed the Israeli Foreign Minister that the U.S. Embassy at Amman had been asked to express to the Government of Jordan the concern of the United States at the unsettled border situation and its hope that the Jordanian Government would redouble its efforts to prevent infiltration. (Telegram 249 from Tel Aviv, Aug. 24, 6 p. m.; 684A.85/8-2453)

No. 651

684A.85/8-2553: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET AMMAN, August 25, 1953—11 a. m.

91. Deptel 81. [2] Called on Prime Minister August 24 and informed him great concern my government over unsettled border situation and expressed hope Jordan's efforts prevent infiltration would be redoubled. As Jordan has apparently been making extraordinary effort prevent infiltration for some time past and as incidents have been comparatively few during past several weeks, I particularly emphasized unsatisfactory situation in Qatanneh area where frontier and no-mans-land have never been clearly demarcated and where Arabs, owing police inability or unwillingness take strong action, have been cultivating their fields in no-mans-land and even in what is almost certainly Israeli territory. Prime Minister insisted that Jordan was making all out effort prevent infiltration but admitted situation Qatanneh area extremely difficult owing uncertainty as to exact border.

I also informed Prime Minister US making representations to Israel regarding recent IDF attacks on Wadi Fukin and two other border villages, attacks which were condemned at August 12 MAC meeting. Prime Minister expressed gratification and asked me whether he was at liberty to mention these representations at same time as he publicly announced that US had made representations to his government on border situation. He said morale of people of Jordan required that they understand that they were being treated fairly by US and that it was not Jordan alone which was being singled out for American reprobation. I told Prime Minister I had no instructions on this score but suggested it woud be unfortunate if he made such statement before US representations to Israel had actually been made and suggested he wait several days in order to learn what Israel made public. I do not know just what he will do.

I expressed concern of US Government over troop build-up on and near border which I suggested increased possibility of flare-ups. Prime Minister emphasized view that recent border reinforcement was necessary defense measure and direct result of Israeli military activity. He said orders to Arab Legion were specific and no possibility of misunderstanding existed.

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[1] Repeated to Jerusalem, Tel Aviv, Paris, London, Beirut, Baghdad, Cairo, Jidda, and Damascus.

[2] Printed as telegram 154 to Tel Aviv, *supra*.

Orders were: (1) Legion was on border for defense purposes only; (2) under no circumstances was Legion to leave Jordan territory; (3) under no circumstances was Legion to undertake reprisal. He felt, therefore, there was little likelihood that border reinforcement would lead to border flare-up.

I expressed my appreciation of what appeared to me to be sincere effort of Jordan Government to preserve peace and told Prime Minister I would convey his statement to my government.[3]

LYNCH

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[3] The Department replied on Aug. 28 by suggesting that the Chargé might at an appropriate opportunity wish to express to the Jordanian Prime Minister the appreciation of the U.S. Government for his statement of clarification regarding the Legion's orders, and indicate the continuing concern of the United States over the situation created by military build-ups on both sides of the border. The Department agreed with Lynch's suggestion that the Prime Minister was the best means of handling the publicity problem. (684A.85/8-2553)

No. 652

784A.02/8-2453: Telegram

The Secretary of State to the Embassy in Israel

CONFIDENTIAL
PRIORITY

WASHINGTON, August 25, 1953—6:06 p. m.

161. Embtel 248.[1] Prior Eban's departure for Paris meeting Israel diplomatic representatives and consultation Israel (reportedly arriving Aug 30) he met separately with Undersecretary Smith[2] and Asst Secretaries Murphy[3] and Byroade.[4] Main topics these conversations (air pouched memos of which due arrive Emb Sept 1) were (1) Jerusalem and US position re Foreign Ministry transfer and (2) military and economic aid.

Re (1) Dept stated possible solutions Jerusalem problem being studied; decisions not yet taken on desirability any particular solution or consideration question at forthcoming GA, which will have crowded agenda probably making it desirable avoid inclusion Jerusalem. Reiterated US displeasure over untimeliness Foreign Ministry transfer as not calculated reduce area tensions and reaffirmed intention retain Emb at Tel Aviv and refrain from visits Jerusalem. Latter prohibition strongly criticized by Eban and Sharett in personal letter to Secretary as "backward step" since such visits allowed prior to transfer. (Copy Sharett letter, which not yet answered, being airpouched.)

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[1] Telegram 248 from Tel Aviv, Aug. 24, noted the expected arrival of Eban in Israel that week and requested a summary of the position taken by the Department in discussions with him prior to his departure. (784A.02/8-2453)

[2] The memorandum of Smith's conversation with Eban on Aug. 13, not printed, is filed under 784A.13/8-1353.

[3] The memorandum of Murphy's conversation with Eban on Aug. 12, not printed, is filed under 320/8-1253.

[4] The memorandum of Byroade's conversation with Eban on Aug. 19, not printed, is filed under 784A.13/8-1953.

Re (2) Dept stated US plans allocate small amount military aid available for NE on basis collective defense plan when latter has satisfactorily evolved; timing such aid would not necessarily be same for all countries and aid would be fitted to their particular roles in area defense. US will do nothing with military aid which in its estimation will harm Israel. Israel will be informed soon as possible extent economic assistance it can expect under MSP, since IG's need this information fully appreciated. Eban said he proceeding in negotiations with non-governmental organizations on assumption MSP legislation prohibits use funds to help solve Israel's "financial" (apparently referring indebtedness) problem.

Dept assured Eban matters such as divergent US and Israel views re Jerusalem transfer should not be misconstrued as indication there has been any change friendly feeling US has for Israel, for which Eban expressed gratefulness. Eban was also informed US holds as continuing objective conclusion peace between Israel and at least one perhaps two of neighboring Arab states, and that conceivably Syria might precede Egypt in this due latter's preoccupation Suez issue.

Embtel 249.[5] In event IG argues Byroade did not specifically refer in Aug 19 conversation Eban to three IDF raids Aug 11, Emb should emphasize such incidents one of main reasons for US concern over border situation.

DULLES

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[5] Not printed, but see footnote 4, Document 650.

No. 653

611.84A/8-2653: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, August 26, 1953—6 p. m.

261. Teddie Kollek, Director General Prime Minister's office, called on me at his request ostensibly to raise again (Embtels 118[1]

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[1] Not printed.

and 230 [2]) US attitude toward Israel default but obviously also obtain impression general US policies toward Israel. I repeated I knew no US policy that Israel default would be favorable development; on contrary US is deeply involved in effort build sound Israel economy and default would be retrogressive symbol aside from factors he mentioned. I said US aid was dual objectives of advancing general human economic levels and promoting security of free world; we necessarily survey each situation periodically to determine whether our programs in fact working toward those ends. Said we had been concerned over:

Israel's unusual degree of secrecy regarding military information, reprisals policy, deprecation MAC's, "over our dead bodies" attitude toward negotiation outstanding issues with Arabs, sudden removal of Foreign Ministry to Jerusalem in midst of efforts to secure solution of Jerusalem problem that would be equitable to all; growing indications of impatience with US desire to devote economic aid to goals of sound economy of which Ekukol outburst was only culmination; and Eban's high-handed disregard of plight of half million American boys in Korea. Said I was aware Israel leaders concerned over possibility of American military aid to Arab countries but that vacuum which existed from Turkey to sub-continent of India was open invitation to Soviet activity of kind which Soviet had thus far been unable to refuse; theory of defense of this area which is larger than whole United States by pouring military aid into Israel which is one-tenth size of Utah was unrealistic; effective strength of Israel could be destroyed by one planeful of bombs. Said Israel could have no legitimate fear re American policy of building strength in area since: (1) We had not contributed 300 million dollars to Israel only to have it pushed into sea, (2) our goal in area is peace and breaking out of war between Arab States and Israel would be negation of that, (3) Israel has as much to gain from policy of filling Near East security vacuum as any country since if Soviet bombs were to drop in area, the first would be against Israel.

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[2] In telegram 230, Aug. 20, Chargé Russell reported on a conversation with Oliver Gass, Chairman of the Economic Advisory staff attached to the Prime Minister's office. Gass inquired about rumors that advisers to the U.S. Government in Washington were recommending default by the Israeli Government as a desirable measure. Gass said his own view was that Israel would be dependent on new loans, the refinancing of old loans, and capital investment for a long period to come, and in this light default would be most damaging. Russell replied that he knew of no U.S. Government policy favoring an Israeli Government default; that indeed for the reasons Gass mentioned and for other reasons, the United States believed default would have unfortunate consequences. Russell pointed out that U.S. financial aid to Israel was for the purpose of achieving economic objectives which had been made known to the Israeli Government; that, as Stassen had pointed out during his visit, economic aid would be related to free world objectives; and that it followed that the Israeli Government could not anticipate that the United States would under all circumstances guarantee the Israeli Government against default. (884A.10/8-2053)

Kollek commented he thought structure I had built of Israel non-cooperation was more imposing than facts indicated; that he would pass along my views.

RUSSELL

No. 654

885.2311/9-153

Memorandum by the Secretary of State to the President

[WASHINGTON,] September 1, 1953.

Subject: Famine Relief for Jordan

Public Law 216, 83rd Congress, authorizes the President to transfer agricultural commodities from the stocks of the Commodity Credit Corporation to meet famine or other urgent relief requirements of friendly peoples.

It is recommended that you determine that up to 10,000 tons (approximate value $1 million) of wheat, from stocks held by the Commodity Credit Corporation, may be used to meet famine and other urgent relief requirements in Jordan, leaving for later consideration the determination of additional amounts that may be required. This assistance would be furnished under an agreement to be negotiated with the Jordan Government by the Department of State providing for such direct relief to the ultimate consumer as is necessary and permitting the Jordan Government to sell the balance, if any, within Jordan. The sales proceeds would be used for work relief projects in the stricken areas to provide employment for the needy and a basis for general economic improvement.

The Foreign Operations Administration would carry out operations under this agreement, including participation with Jordan officials in the relief distribution, and would be available to advise the Jordan Government on the execution of the work relief projects. Such operations should be conducted with due regard to other programs in Jordan in which the United States has an interest.

This recomendation has the concurrence of the Department of Agriculture and the Foreign Operations Administration. If you approve the recommendation, a draft finding is attached for your consideration.[1]

John Foster Dulles

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[1] Not printed. A marginal notation indicates that President Eisenhower approved the recommendation on Sept. 2.

No. 655

780.5/9-253: Telegram

The Chargé in Israel (Russell) to the Department of State[1]

CONFIDENTIAL TEL AVIV, September 2, 1953—6 p. m.

287. Ambassador Eban called yesterday at his request; said Israel Government especially concerned over (a) absence any substantial contact between Foreign Ministry and Embassy following move of former to Jerusalem, and (b) United States plans for military assistance to Middle East.

Eban said Israel government could not understand sudden tightening of our position re Jerusalem pointing out other ministries and elements of government had been in Jerusalem for several years. I stated: Our postion had remainded unchanged since adoption of 1949 UN resolution and referred to chapter in McDonald's book *Mission in Israel*[2] describing original United States position; it was for Israel to decide what its own attitude toward UN resolution was to be, but move of Foreign Ministry to Jerusalem inevitably involved position of other governments toward UN; position of United States is that at a time when it has suffered 140,000 casualties in maintaining integrity of UN in Korea it is not disposed to violate UN resolution and weaken UN by following Foreign Ministry to Jerusalem; we have repeatedly made this known to Israel Government. I said it was particularly unfortunate Foreign Ministry had chosen to move at very time Secretary had indicated in public statements his hope that a solution to problem of Jerusalem could be found. In reply Eban's query as to what solution present impasse might be, I said most immediate and promising solution would seem to lie in making a reality of liaison office which Foreign Ministry had announced it would maintain; various officials of Foreign Ministry could make practice of being there at certain times each week for conduct of business. Eban said he thought there should be some reciprocity. I said I doubted whether specific *quid pro quo* could be given at present time in terms of visits to Foreign Ministry Jerusalem in view importance we attach to compliance with UN resolutions. I said practice of Israel press of distorting visits of any kind to Jerusalem as endorsement of Israel Government position had been unfortunate and in fact had resulted in chief on one mission (Argentine) giving instructions to all members of staff not to go to Jerusalem even for purpose of passing through Mandelbaum Gate.

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[1] Repeated to London, Paris, Rome, Amman, Baghdad, Beirut, Cairo, Damascus, Jerusalem, and Jidda.

[2] James G. McDonald, *My Mission in Israel, 1948–1951* (New York, Simon and Schuster, 1951), pp. 204 ff.

Regarding Eban's query re our policy on military assistance I made following points: (1) Importance to Israel, as to whole area and to free world, of ending security vacuum in Middle East which now inevitably tempts Soviet Union as similar vacuums previously had in Eastern Europe, Poland, Czechoslovakia and Korea; (2) United States had made and will continue to make every effort to bring about peace between Israel and Arabs but if nothing is to be done to build security until Arabs willing to join with Israel in the effort, present indications are this would delay effective measures beyond point of utility; (3) A policy of one gun for Israel for every gun given to anyone else in the rest of the area would limit program to such proportions as to nullify it; (4) United States has as great a stake as Israel in assuring that security program for area achieves objective of area peace, as intra-area conflict could well bring in Soviet Union and touch off World War III; (5) important, therefore, that all efforts be devoted to finding ways accomplishing security objectives and not to obstructing program.

In following discussion I said we regarded Arab refugee problem as central to tensions of area and felt there was a triple—not a dual—responsibility for dealing with the problem; that Israel as well as Arab States and UN must make contribution to solution.

RUSSELL

No. 656

340.280/9-453: Telegram

The Secretary of State to the Embassy in Lebanon [1]

CONFIDENTIAL WASHINGTON, September 4, 1953—7:20 p. m.

316. Have considered RECNE reactions TVA study and Jordan-Yarmuk proposal and wish make following observations and define present policy line.

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[1] Identified also as telegram CRANE 19; repeated to Amman as 102, Damascus as 73, and Tel Aviv as 130, and by pouch to Cairo, Baghdad, and Jidda.

Observations:

1. Facts available to TVA are based on available data, much of it accumulation of precise engineering studies, well as Bunger's preliminary data.

2. Experience and knowledge brought to bear by TVA and Chas. T. Main is most unlikely to be refuted by subsequent studies; we may safely assume that general magnitude of costs of Maqarin high dam, and value of Maqarin reservoir as a regulator as compared with Tiberias, are now authoritatively determined.

3. Report itself will be available shortly for study and field comments as to its merits should await detailed study.

4. We may conclude that we shall be presented with these alternatives:

A. Follow line advocated Amman mission; commit additional $60/70 million for Maqarin high dam, requiring five to eight years and secure fewer benefits than would result from development along lines suggested by TVA, at same time freeing Israel to take unilateral action on waters under IG physical control;

B. Follow line suggested by interpretation facts TVA report, as supported by Senate Subcommittee, and endeavor search for formulae which would permit development of water resources on economic lines.

In either case it will be noted that there are elements in TVA proposals indentical with plans of TCA Jordan, which could be carried out soon as surveyed without prejudice eventual decision; and that TVA recommends dam Maqarin of intermediate height for power but not for storage.

As RECNE points out decision need not be made until Harza survey completed but preponderance of evidence suggests that eventual decision will be against commitment of time and funds required for Maqarin high dam.

Policy Line:

Present decision of Department and FOA made by Secretary and Stassen is to encourage dissemination of facts as presented by TVA report and to consider our future course after full import this document is understood by Arabs and Israelis.

Following receipt initial printed copies Bergus should seek Carver's agreement regarding dissemination of Report and Amman must somehow find way to stimulate Jordanian interest in a proposal which we are certain would bring Jordan and its refugees earlier and more substantial benefits than other known proposals.

DULLES

No. 657

IO files, lot 71 D 440

Department of State Position Paper [1]

CONFIDENTIAL
SD/A/C.1/427

WASHINGTON, September 5, 1953.

PALESTINE REFUGEE PROGRAM

THE PROBLEM

The Palestine Refugee Program will be placed before the General Assembly in the Report of the Director of the United Nations Relief and Works Agency (UNRWA) or in the Joint Report of the Director and the Advisory Commission. These reports (not available until some time *after* the General Assembly opens) will require a position on the folllowing questions: (1) Continuation of the Program Beyond July 1, 1954; (2) the level of the relief budget for fiscal 1954; (3) the relief budget for fiscal 1955; (4) administration of relief; and (5) acceleration of refugee self-support projects.

UNITED STATES POSITION

1. Introduce or support a proposal for the continuation of a relief and reintegration program for an additional two-year period.

2. Seek to hold relief expenditures for the fiscal period ending June 30, 1954 to $— —.

3. Support a relief budget for Fiscal 1955 of $18 million subject to modification by the Ninth Session of the General Assembly.

4. Support the Director's proposal for the termination of health, education and welfare activities and their assumption by the local governments concerned, with financial and technical assistance from UNRWA, and call on the Agency to develop plans for the termination by January 1, 1955, of all UNRWA's relief administration, including procurement of supplies and distribution, with a report thereon to the next (ninth) session of the General Assembly.

5. Point up to need for speedier action on large-scale projects for refugee self-support which will involve not only the effective cooperation of the Arab States but also a more determined attitude on the part of UNRWA, and emphasize the possibilities of moving ahead more rapidly on projects which do not present major obstacles.

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[1] For the instruction of the U.S. Delegation to the Eighth Regular Session of the U.N. General Assembly. This document was supplemented by a further position paper of Oct. 15, Document 688.

Comment

1. *Continuation of the Program Beyond July 1, 1954*

Assembly Resolution 513 (VI), January 26, 1952, provided for a $250 million relief and reintegration program ending June 30, 1954, of which $200 million was for reintegration and $50 million for relief. The reintegration program has moved very slowly and larger sums than estimated have had to be provided for relief. The Assembly will be called upon to extend the time period of the program. The need to extend the program beyond June 30, 1954, is apparent and will not meet with resistance. Insofar as the United States position is concerned this point has been brought out in the hearings on the Palestine refugee problem before the Senate Foreign Relations Subcommittee on the Near East and Africa. At that time Acting Secretary Bedell Smith held that a two-year extension would probably be needed. While efforts may be made to authorize a longer period, the United States should oppose Assembly authorization extending the UNRWA program 1956 and should insist upon a further general review at Assembly in 1955. In supporting the two-year extension, this should be done in terms of continuing the $200 million reintegration fund and of effective progress in the obligation of available funds for refugee benefits. In this connection the United States Delegation may allude to other sources of funds for economic development benefiting the peoples of the countries giving homes to refugees, including US grant funds available for this purpose.

2. *Level of the Relief Budget for Fiscal 1954*

In Resolution 614 (VII) of November 6, 1952 the General Assembly authorized URWA to adopt a budget for relief of $18 million for the fiscal year ending June 30, 1954, subject to review at the Eighth Session of the General Assembly. The Director has proposed to the Advisory Commission an increased relief budget for this period of over $26 million which assumes that relatively few refugees will become self-supporting until large-scale self-support projects get fully under way and which takes account of the natural increase in the refugee population for which provision had not previously been made. The Advisory Commission is now considering this plan of expenditure and it is possible that a lower figure will be submitted in the Joint Report of the Director and the Commission. The Department's position on the amount of the relief budget has not yet been determined but it is hoped that reasonable cuts in the Director's proposal may bring the relief budget down to $24 million.

3. *Relief Budget for Fiscal 1955*

The General Assembly will need to give a directive to the Agency concerning the level of relief costs for the fiscal period ending June 30, 1955. The Director has estimated relief costs for this period at $18 million. This appears to be a reasonable estimate at this time since it involves a sharp reduction. If work on projects moves more rapidly and large numbers of refugees are employed thereon, a further reduction might be effected at the next session, when the General Assembly can review this figure.

4. *Administration of Relief*

The Director proposes that the Arab Governments concerned undertake the administration of health, education and welfare activities carried on by UNRWA as of July 1, 1954, and that steps be taken by them to assume responsibility for procurement and distribution of relief supplies. An effort was made in the Sixth Session of the General Assembly to transfer responsibility for relief administration to the local governments but the Arabs successfully resisted this proposal. The time has come to renew efforts to get UNRWA out of relief administration and develop definite plans for the transfer of this task to the Arab Governments. The resolution should emphasize termination of UNRWA's administration, but avoid mention of transfer of responsibility to the local governments, since they will not voluntarily accept such responsibility.

5. *Acceleration of Refugee Self-Support Projects*

Progress in obtaining agreements with Arab Governments for large-scale self-support projects has been slow. This factor, combined with the time involved for engineering surveys and decisions on specific projects has seriously retarded UNRWA's timetable. A major project being surveyed in Jordan regarding the use of the Jordan-Yarmuk waters has involved difficult engineering studies and raises political difficulties between the Arab states and Israel. The United States should call attention to the extensive US interest manifested by Congress in the Report on the Palestine Refugee Problem by the Senate Foreign Relations Subcommittee.[2] This report emphasizes that unless considerably more progress is shown in the near future than up to the present time, the Congress would not be justified in indefinite continuation of aid for this program.

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[2] See footnote 2, Document 648.

No. 658

884A.2614/9-553: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, September 8, 1953—6:55 p. m.

195. Greatly concerned over implications Israel reinforcements Huleh area and refusal stop damming Jordan until discussions could take place with Syria (Jerusalem tel 33, Sept. 8). [2]

Essential Dept have details soonest resulting from your investigation reported Embtel 297 Sept. 5. [3] FYI pending consideration your report here, Dept withholding any release to IG of initial aid allocation figure mentioned Deptel 156 Aug. 24. [4] Availability of more accurate figure for exchange budget purposes no longer as urgent in light Bernstein's use Saturday of more moderate 12 month figure of $55 million, and amount of aid could be affected if IG insists on action detrimental to plans for solution regional problems.

DULLES

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[1] Repeated to Damascus and Jerusalem.

[2] On Sept. 2, Israeli authorities began the construction of a canal to divert the waters of the Jordan River at Banat Yaacov in the central sector of the demilitarized zone between Syria and Israel. Telegram 33 from Jerusalem, Sept. 8, reported on the Israeli activity. (683.84A322/9-853)

[3] Not printed.

[4] In telegram 156 to Tel Aviv, Aug. 24, the Department stated that the 9-month figure for U.S. aid to Israel currently under discussion in Washington was $38 to $41.5 million. Additional amounts might be available, but largely on the basis of U.S. interests and for regional projects. (884A.10/8-2453)

No. 659

683.84A/9-953: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, September 9, 1953—2 p. m.

82. Besides the danger of bloodshed if Israel is permitted to continue work on project for diversion of remainder of Jordan waters reported in Embtel 81, September 9, [2] Syrian resentment can hinder or defeat any or all of following projects advocated by US Government:

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[1] Repeated for information to Jerusalem and Tel Aviv.

[2] Telegram 81 from Damascus, Sept. 9, reported on the Israeli diversion of the Jordan River at Banat Yaacov. (683.84A/9-953)

(1) Division of Demilitarized Zone as step toward eventual Syro-Israeli peaceful relationship (cf. Embassy despatch 116, August 21).[3]

(2) Jordan-Yarmuk development plan referred to in Deptel 73, September 4.[4]

(3) Any bilateral or multilateral defense arrangements implicit in prospective aid programs for Syria.

MOOSE

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[3] Not printed.

[4] Printed as telegram 316 to Beirut, Document 656.

No. 660

674.84A/9-1053

Memorandum of Conversation, by Theodore R. Frye of the Office of Near Eastern Affairs

SECRET [WASHINGTON,] September 10, 1953.

Subject: Peace Feelers Between Israel and Egypt

Participants: Dr. Ralph J. Bunche, Principal Director, Office of the Assistant Secretary General, Department of Trusteeship and Information from non-Governing Territories
NE—Mr. Hart
NE—Mr. Frye

Mr. Hart said that he had been informed that Dr. Bunche had obtained some information of interest to the Department during his visit to Cairo and Jerusalem in February. He was taking advantage of Dr. Bunche's presence in Washington (to attend the meeting of the American Political Science Association, of which he is the President) to ask him about it.

Dr. Bunche said that on his return from India and Pakistan in February 1953, he stopped in Cairo where he was extremely well-received by General Naguib and other Egyptian officials. (He had a warmer reception in Egypt than in Israel.) During a talk with Foreign Minister Fawzi, the latter indicated that there had been a number of peace feelers from Israel. ("There have been knocks on the door.") Knowing that Dr. Bunche planned to go to Jerusalem from Cairo, Dr. Fawzi indicated that Egypt was interested in the possibility of talks with the Israelis. He said that "Egypt can accept one partition but not two," meaning that Egypt can accept the existence of Israel but cannot accept being separated from other Arab States by Israel control of the Negev. He presumably meant that

Egypt wants some sort of corridor connecting with Jordan. Dr. Bunche asked whether he could inform the Israelis of Dr. Fawzi's statements and the latter said that he could, provided he did not suggest to the Israelis that the Egyptians had asked him to do so.

In Jerusalem, Dr. Bunche talked with Mr. Ben Gurion but had no opportunity to inform him of Dr. Fawzi's statements since the Israel Prime Minister was wholly preoccupied with the recent developments in Soviet policy on world Jewry. (The Soviet Legation in Tel Aviv was bombed just a few days after Dr. Bunche's visit.) Dr. Bunche did inform Foreign Minister Sharett of Dr. Fawzi's statements but got no immediate reaction. Subsequently, Mr. Sharett called Dr. Bunche away from a dinner to tell him that Israel wanted to talk with the Egyptians and were willing to go anywhere, even to Cairo, for the talks, which would be kept absolutely secret. The Israelis were willing to enter the discussions with no conditions and with an open agenda. Dr. Bunche asked Mr. Sharett whether he had noted Dr. Fawzi's reference to the Negev and Mr. Sharett said that he had. Dr. Bunche told Mr. Hart that he had never seen Mr. Sharett in so humble a mood.

On his return to Cairo, Dr. Bunche informed Dr. Fawzi of the Israeli "response" and Fawzi seemed genuinely interested and said that he would inform General Naguib.

Subsequently, the *New York Times* published a story concerning the incident and the Egyptians immediately denied that such an approach had been made.

It is Dr. Bunche's view that Mr. Sharett had not felt it necessary to consult Mr. Ben Gurion, and that if he had, the latter would not have been interested at that time since he was so preoccupied with the Soviet problem.

Dr. Bunche feels that if the two parties are to be brought together, it will require the assistance of a third party. In reply to Mr. Hart's question, he said that he felt that the United States would be an appropriate third party. He agreed that if and when the Suez Base negotiations with the British are resolved satisfactorily, it would then be a propitious time to attempt to get the Israelis and Egyptians to discuss a peace settlement. Dr. Bunche feels that an effort should be made to arrange that Egypt should be the first country to conclude peace with Israel since the other Arab States would probably follow Egypt's lead.

Following his return to New York, Dr. Bunche was visited by the Syrian and Lebanese United Nations delegates who inquired concerning his conversations with the Egyptians. He replied that the conversations were confidential and he could not discuss them.

General Naguib told Dr. Bunche that he thought the Israel War was "the best thing that could have happened to Egypt," since it had brought into the open the corruption of the Farouk regime and had led to a cleanup.

No. 661

683.84A/322/9–1053 Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, September 10, 1953—9 p. m.

309. Embassy discussed this morning in Tel Aviv with Joseph Tekoah, assistant legal adviser to Foreign Ministry, developments referred to in Deptel 195,[2] Embtel 305[3] and Jerusalem Telegram 33[4] to Department. Tekoah made following points:

(1) Present construction is additional stage in work that has been going on in connection with Huleh project for last few years;

(2) It will not affect volume of water in river or utilization of that water by Israelis or Arabs presently using it;

(3) It is not the beginning of those aspects of larger Lowdermilk project discussed with Syrians in latter stage of Israel-Syrian negotiations but is limited project which can be [but] need not necessarily be linked after its completion in two to three years with basic Lowdermilk system;

(4) If linked at that time, would not affect present water supply from Jordan River to Arab lands on east bank of Jordan above Tiberias;

(5) No work has begun on larger water projects discussed with Syrians which Israelis consider still on agenda when negotiations with Syria resumed;

(6) Tillitson made no objection when informed of construction plans on day it commenced (September 2) and given guarantee it would not involve construction on Arab-owned land or affect present water supply to Arab lands;

(7) Tillitson after discussion with Shalev September 7 did not deliver letter requesting Israel stop damming Jordan River (Jerusalem 33 to Department);

(8) Israel did not stop construction of dike as requested in Bennike letter September 8, on ground that request made on basis incorrect assumptions that island was Arab-owned and would be flooded as consequence this damming. Tekoah stated island was seasonal, appearing in summer and regularly inundated in winter, and was to best of IG knowledge not Arab-owned;

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[1] Repeated priority to Damascus and Jerusalem.

[2] Document 658.

[3] Dated Sept. 8, not printed; it reported on the visit on Sept. 6 by the TCA water resources adviser to the site of the Israeli diversion of the Jordan River. (884.2614/9–853)

[4] Not printed, but see footnote 2, Document 658.

(9) Question of discontinuing work not raised by Bennike at September 9 meeting between him, Vigier, Dayan and Shalev after situation explained to him and therefore Israel intends continuing with work;

(10) Emphasis of Bennike and Vigier after this explanation and assurances mentioned point 6 above was on desirability resumption Israel-Syrian talks to which main obstacle was Israel refusal pay compensation for brush fire started by Kibbutz Gonen in May;

(11) Israel representatives at that meeting agreed to Bennike-Virgier request that IG pay compensation and renew negotiations with Syria;

(12) Bennike stated at meeting that it would be advisable receive in writing some of assurances from Israel mentioned above but suggested this be postponed until he had had opportunity speak to Syrian representatives;

(13) IG understood that questions thus far raised had not been raised in response formal Syrian complaint but as result concern of United Nations over possibility infringements Arab rights.

Possibility must be considered, although on basis present evidence it is by no means clearly established, that (1) IG may have had knowledge of results of TVA study and of serious consideration USG giving to proposals based upon it; (2) IG opposed to plan and determined take measures to forestall its adoption and implementation; (3) present construction suddenly undertaken in belief that (a) it would drive Arab states into intransigent opposition to any Jordan water development plan, and (b) nevertheless, IG could muster case that it was within its rights. IG's case stronger in its legalism (at points questionable, e.g., Tekoah's first point) than in evidence it gives of desire to cooperate with UN. All evidence which Embassy has been able to obtain indicates that construction undertaken on extremely short notice (shortly after preparation of recommendations based on TVA report) and contrary to expressed expectations of those in IG who have been working most intensively on water development matters. Tekoah when told by Embassy representative that decision to commence construction seems to have been made on short notice, replied he knew nothing of that part of problem (although he is official in Foreign Ministry who has been intimately acquainted with water development problems for past few years and had prepared himself to brief Embassy on present developments after Embassy approached Foreign Ministry). US Army Attaché has twice requested Foreign Liaison Office of Israel Defense Forces for clarification military aspects of Huleh construction situation but met first with evasion and secondly with statement it was matter for Foreign Ministry.

Embassy agrees in necessity (Deptel 195) of withholding of aid if IG insists on taking action detrimental to plans for solution regional problems (see final paragraph Embassy Despatch 212, August 20, 1953).[5] Such actions should, of course, be taken only where IG's culpability can be demonstrated to US and world public. In Embassy's opinion there is no objection to delaying current release of aid for brief period pending clarification which may be shortly forthcoming (Jerusalem Telegram 34 to Department). Until then, Embassy believes not desirable give any indication that we are deliberately delaying or reason therefor.

RUSSELL

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[5] Not printed.

No. 652

684A.85/9-1153

Memorandum of Conversation, by the Assistant Secretary of State for United Nations Affairs (Murphy)

TOP SECRET [WASHINGTON,] September 11, 1953.

Subject: Jerusalem Situation

Participants: The Most Reverend Amlito Giovanni Cicognani, Apostolic Delegate in Washington.
Mr. Robert Murphy, Assistant Secretary for United Nations Affairs.

Agreeable to the understanding with the Secretary and Mr. Byroade, I discussed today with the Apostolic Delegate in Washington, The Most Reverend Amlito Giovanni Cicognani, the prevailing situation in Jerusalem. I explained our point of view regarding a possible solution of the Jerusalem problem, avoiding a specific reference to the Swedish proposal,[1] and inquired whether there had been any recent change of view on the part of the Vatican regarding the *corpus separatum* idea. The Most Reverend Cicognani replied in the negative and said that the question, as far as he knew, had been quiescent for some time. It is a matter, he said, which he believes the Pope personally handles. He expressed the personal opinion that our present idea is certainly worth exploring and might appeal to the Vatican. He promised to communicate it immediately in the hope of eliciting a reaction in the near future. He stated the opinion that the present situation with the Jordanians and Israelis glaring at each other across the barbed wire barrier is obviously most unsatisfactory and that if some progress along the lines of our present idea could be made, it might start a movement of general conciliation which would be attractive to the Vatican. He promised to comunicate with me as soon as he has obtained the Vatican's reaction.

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[1] Reference is the Swedish draft resolution submitted to the *Ad Hoc* Political Committee of the U.N. General Assembly in December 1950. (U.N. doc. A/AC.38/L.63)

ROBERT MURPHY

No. 663

885.211/9-1153: Telegram

The Secretary of State to the Embassy in Syria [1]

SECRET WASHINGTON, September 11, 1953—7:53 p. m.

95. In anticipation General Bennike's having to make decision soon after September 15 on Israel's attempt to divert Jordan and in understanding that he may wish indication of support from US, you may inform him of following:

1. US is of view that Article 5 of Armistice Agreement formally establishes UN Chairman of ISMAC, and not Israel or Syria, as responsible party for general supervision and administration of demilitarized zone. This authority has been acquiesced in by both parties. This situation remains until Israel and Syria reach agreement to contrary or armistice agreement is modified. US took this position in SC debate on Huleh dispute in May 1951. It will reiterate this position as often as necessary.

2. We are prepared in absence full details in this incident of damming Jordan to assure him of US general support in any decision he may make within his authority since we are firmly of conviction MAC machinery must have adequate backing to assure effective enforcement of Armistice Agreements.

DULLES

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[1] Repeated to Jerusalem as telegram 18, to New York as 118, and to Tel Aviv as 204.

No. 664

885.211/9-1253: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, September 12, 1953—1:39 p. m.

207. Recent cables on Banat Yaacov diversion incident suggest more positive line action necessary on Jordan water allocation than proposed Depcirtel 316 to Beirut, rpt Amman 102 Damascus 73 Tel Aviv 190. [2]

Dept inferred Israel motivation along lines analysis paragraph 13 Tel Aviv 309. [3] U.S. interest in TVA study and necessity revise Hays Lowdermilk plan was brought out in open testimony before Congress. Fact that IG has revamped development budget to provide funds diversion upper Jordan after advising Mikesell and Patterson in July water development funds were to be largely concentrated in south lends credence Tel Aviv interpretation.

Dept fears Arab refusal to consider water problem on its merits in any forum, with or without Israelis present, will prejudice Arab case in U.S. and world opinion. While reasonable suspend operations Banat Yaacov pending examination project it will be difficult if not impossible insist on continued suspension, or exert U.S. moral or other sanctions on Israel to prevent any development on upper Jordan, if Arabs refuse discuss issues on technical and political level.

Dept believes TVA study furnishes sound basis on which hoped-for discussions could be based.

For reasons well known and understood, UNRWA cannot provide mechanism for discussion or mediation of issue of disputed waters; neither UNTSO nor PCC believed appropriate or desirable mechanism for such purpose. Following idea therefore submitted for field comment as possible line procedure:

On receipt TVA study UNRWA submit it to Hammarskjold for consideration, in view likelihood that UNRWA's plans for project development will be frustrated unless equitable division waters somehow determined and steps taken to permit their most rapid and economic development, which apparently impossible in present political framework. Hammarskjold then might draw issue posed to attention both Arabs and Israelis, and to public, setting forth UN dilemma in precise terms, and appoint representative to discuss problem as liaison between Arabs and Israelis. Solution might then evolve which would permit development of water by Syria, Jordan and Israel effectively and promptly.

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[1] Repeated to Damascus as telegram 98, to Amman as 123, and to Beirut as 348; sent by pouch to Jidda, Cairo, Baghdad, London, and New York.

[2] Document 656.

[3] Document 661.

We cannot avoid facing Arabs with dilemma: if Arabs refuse all discussion, then they put themselves in wrong with world public opinion and it will be difficult if not impossible for U.S. to (a) exert financial or other pressure on IG to accept reasonable allocation; (b) call for continued suspension IG plans Jordan waters; or (c) continue to back development in Jordan and Syria financed by UNRWA or other funds. If Arabs agree discuss, they face obvious domestic pressure underlying whole Palestine issue. Timing of UN discussions with Arabs appears all-important, and this approach can only be successful if Arabs are prepared in advance with groundwork of factual knowledge which will support an appeal to reason. Timing obviously needs careful consideration relative to Syrian elections October 10.

Dept appreciates position taken by Amman, Damascus, and Beirut at Cairo meeting RECNE, but believes that Banat Yaacov incident gives reason request further cabled comments on best procedure. Also request cabled views Carver and Bergus.

DULLES

No. 665

683.84A322/9-1353: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET NIACT TEL AVIV, September 13, 1953—8 p. m.

316. Embassy offers following comments (Deptel 207 [2]):

1. IG's hopes, especially re further large-scale immigration, have been firmly fixed on utilization by Israel of all of water of Jordan and part of Yarmuk. TVA plan will, therefore, encounter strong opposition on part of IG and public. Embassy feels, however, that its importance to our area objectives is so great and delay would so multiply difficulties that early action is highly desirable.

2. To help in extending to other area problems the marked unity which exists on Jerusalem, it would be desirable to advise friendly missions here prior to UNRWA submission of study to Hammarskjold.

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[1] Repeated priority to Damascus, Amman, and Beirut; sent by pouch to Jidda, Cairo, Baghdad, and London.

[2] *Supra.*

3. An immediate question is whether, when, how, and by whom to get IG to delay further the construction on Jordan-Tiberias power project. Should we wait to see if General Bennike requests them to stop? If he should, that would take care of it. If he should decide not to, however, it might provide IG with excuse not to comply with a later request by US (although Bennike decision would presumably be on basis largely irrelevant to present problem, i.e., his decision would be on whether construction violated armistice agreement rather than on keeping things on even keel pending consideration of TVA plan). Should we wait to ascertain official reactions of Arab Governments before approaching IG? If, in response to our request IG stops now and Arab States then decline to give any consideration to plan, we might be discountenanced vis-à-vis Israel. On other hand, discontinuance by IG now at our request would be indication to Arabs we are capable of influencing IG action along peaceful and constructive lines. Conceivably, however, our argument with Arabs might be strengthened by sight of work in process. Arab country missions in better position evaluate these considerations.

4. In approaching Arab Govenments it could be pointed out Banat Yaacov likely to be only first of series of *faits accompli*, to serious and permanent disadvantage of Arabs, if TVA plan is not made occasion for regional study. [3]

RUSSELL

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[3] The Department responded on Sept. 14 that it was considering an instruction responsive to telegram 316 from Tel Aviv, Sept. 13, in the event Bennike did not decide the Israelis should stop the construction at Banat Yaacov. (Telegram 208 to Tel Aviv, Sept. 14; 683.84A322/9-1353)

No. 666

885.211/9-1453: Telegram

The Chargé in Syria (Geren) to the Department of State [1]

SECRET PRIORITY DAMASCUS, September 14, 1953—7 p. m.

90. Deptel 98 September 14. [2]

1. Plan regional allocation Jordan waters may encounter additional opposition here if it first made public issue through Secretary General UN. Syrians not aware implications desk study as Israelis apparently are. Danger exists they might reject plan before

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[1] Repeated to Tel Aviv, Amman, Beirut, Jidda, Cairo, Baghdad, and London.

[2] Printed as telegram 207 to Tel Aviv, Document 664.

it is understood. Preferable for Lebanon, Jordan, Syria, Israel learn details privately, presumably from US Missions in area.

2. Joint use of Jordan waters requires a territorial settlement of demilitarized zone. ISMAC talks since October 1952 have not resulted settlement this chronic source of tension. Shishakli informed Ambassador Moose 1953 definitive agreement re Jordan waters must await permanent settlement. GOS might agree, however, discuss proposed plan if it first made clear in private discussions that territorial arrangements also included; as for example, extension Syrian sovereignty to middle Jordan River and Lakes Huleh and Tiberias. Joint use would then be paralleled by joint control.

3. Jordan-Yarmuk project will please neither Israelis or Arabs. Both likely be more tractable if evident USG intends enforce plan. Otherwise, present unsatisfactory course of encouraging bilateral negotiations should be continued.

GEREN

No. 667

885.211/9-1553: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

CONFIDENTIAL AMMAN, September 15, 1953—11 a. m.

125. Deptel 102. [2] This telegram is in reply to Deptel 102. Comment on Deptel 123, [3] just received, will be forthcoming.

Embassy will naturally defer detailed comment on desk study report until it is received. Embassy understands completed report has been in area for past several weeks and early copy would be appreciated. It wishes tentatively to record that it has certain reservations re statements in paragraphs one and two of reference telegram.

Re paragraph four reference telegram Embassy considers Department's presentation of picture is misleading, at least insofar as Amman's position is concerned, and therefore wishes to clarify its attitude. It has been strongly in favor of Yarmuk-Jordan Valley project as means early settlement large number Arab refugees and Maqarin high dam as essential aspect of scheme. Embassy, however, unable to accept rest of Department's reasoning in section 4 (a) until given full opportunity study TVA report because all of its previous information has indicated somewhat contrary views as to time required and cost. Embassy also unable understand why proposed use Yarmuk waters would make Israel any more free to take unilateral action on Jordan waters than she is at present and in fact is apparently now doing.

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[1] Repeated to London, Damascus, Tel Aviv, Cairo, Baghdad, Beirut, and Jidda.

[2] Printed as telegram 316 to Beirut, Document 656.

[3] Printed as telegram 207 to Tel Aviv, Document 664.

Embassy Amman does not question that if the area were a single political unit, or even a group of friendly states, the broad scheme for the development of the Jordan Valley by using Lake Tiberias as a holding reservoir for the waters of the Jordan and Yarmuk rivers would constitute the most economical use of these waters and would be the best plan for the area as a whole.

As the Department must be aware Embassy's opposition to the scheme and its advocacy of the Maqarin site as holding reservoir is based on the conviction that former plan is politically impracticable now, or in the foreseeable future. In other words, we are not presented with two alternatives and thus not a question of spending an "additional 60 or 70 million dollars for Maqarin high dam" but rather whether we are to do anything at all for Arab refugees.

If present plan involving use of Tiberias as holding reservoir is carried though, however, Embassy fears it will be considered by Arabs as just another example of US bowing to Zionist—not necessarily Israeli—pressure. However reasonable the scheme may be—and I appreciate that from the viewpoint of Washington it is entirely so—it must be remembered that the Palestinian and Jordanian Arabs are neither reasonable nor rational on the subject.

I have understood from numerous policy papers that owing to the strategic importance of the Near East the US had certain basic and vital objectives in the area. It is my considered opinion that if USG adopts the proposed TVA plan as a national policy the achievement of our objectives will not only be made more difficult but well nigh impossible. I think, for instance, it is quite within the realm of possibility that Point IV will be compelled to withdraw from Jordan altogether and of course any efforts on the part of the Embassy to promote friendship and understanding (by grant aid wheat, arms aid, educational grants or otherwise) will be completely nullified.

These statements doubtless sound extravagant and yet I think they present the situation with which we are confronted. To illustrate the Embassy's thinking I believe it conceivable that the Prime Minister and one or two of his more broad-gauge ministers of state might be persuaded in private that the plan, which I understand is proposed in the TVA desk study, would not only be the best for the areas as a whole, but in the long run, for Jordan as well. Even so, I do not believe that any Jordan Government would dare give such a scheme serious consideration, because of fact that it involves cooperation with Israel. I do not believe that I could even discuss this subject in confidence with this, or any other government in this country, because for their own protection they would feel compelled to leak it to the press and then on their own part come forth with a violently anti-American and "nobly patriotic" tirade uncompromisingly rejecting the whole project.

If Department finally decides to adopt recommendations of TVA desk study as official policy of the USG, I believe that we should not delude ourselves with the notion that because the plan is a rational one which would benefit Arab refugees or the area as a whole, that it will be acceptable or that it will advance us toward attainment or our oft-repeated objectives in area.

LYNCH

No. 668

855.211/9-1653: Telegram

The Acting Secretary of State to the Embassy in Syria [1]

CONFIDENTIAL WASHINGTON, September 16, 1953—2:07 p. m.

103. Syrian Ambassador called on Department officials Sept. 14 to express his Government's concern over Banat Yacoub diversion by Israel. Maintained Syria less worried about Jordan irrigation consequences than about terrain advantages accruing to Israel military through drainage Huleh swamps. Said UK and French Governments as well as UN Secretariat also being approached by Syria, in hope that Israel can be prevented from accomplishing "another *fait accompli.*"

Department replied USG greatly concerned and is following Banat Yacoub developments closely. Since ISMAC responsible for demilitarized zone matters, however, USG prefers await Banat Yacoub decision expected imminently from General Bennike. More over, USG hopes all parties will abide by whatever decision Chairman ISMAC makes within his authority.

LOURIE

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[1] Repeated to Tel Aviv, Jerusalem, and New York.

No. 669

684A.86/9-1753: Telegram

The Chargé in Lebanon (Bruins) to the Department of State

SECRET BEIRUT, September 17, 1953.

274. Replying last paragraph Deptel 348 September 12 [1] on Jordan water allocation, Embassy assumes in view of policy line stated in Deptel 316, September 6 [*4*], question boils down to best method and timing of dissemination of facts presented by TVA report.

It may be possible to convince local governments of logic of our position. The real problem is to overcome the emotion of the Arab public on whole Palestine issue. Speaker of the Lebanese Parliament told Congressman Hillings last night "any Cabinet of either Lebanon, Syria or Jordan which makes a definite move toward *rapprochement* with Israel would fall before sunset. King Abdullah, last man who tried it, was riddled with bullets." He added he could not see why a great power like US worries about relations with Israel when all we have to do is to give gushing spigot of US financial aid to Israel a quarter turn downward.

I regard Lebanse public opinion less violent than above remarks or than opinion in Syria or Jordan. However, it seems to me our best chance of overcoming highly emotional Arab public opinion is "dissemination of facts" on even wider scale than suggested in Department's policy line; viz., come out with broad policy statement of our views on whole Arab-Israeli impasse and what we propose to do about it (see Embassy Despatch 135, September 9). [2] Tiberias reservoir project might gain Arab public acceptance as part of such over-all solution. Hesitation and indecisiveness on our part likely to unloose Pandora's box of evils.

Since Department possibly unready for move dramatic enough to overcome emotion of Arab public, it would appear only practical alternative is continued dispassionate engineering study of Yarmuk high dam plan. Studies to date show amazingly divergent conclusions. This is project of sufficient magnitude to make real dent in refugee problem, at an annual cost much lower than amounts we are devoting to Israel.

BRUINS

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[1] Printed as telegram 207 to Tel Aviv, Document 664.

[2] Not printed.

No. 670

683.84A322/9-1953

The Acting Secretary of State to the Embassy in Israel

SECRET WASHINGTON, September 19, 1953—3:31 p. m.

226. FYI. Question of release economic aid figure discussed yesterday by Eban and Byroade. Eban informed that communication containing allocation figures was about to be sent him when word received here of dam construction activities in Banat Yaacov area. Byroade stated that from information available here we at loss understand purpose and intent behind this unexpected and apparently hasty move on part Israelis; that it appeared move might result in armed action. We do not as Government wish to release allocation until this matter clarified. Our position explained more in terms our concern lest timing of US assistance coincide with action on their part which might result in hostilities rather than on straight *quid pro quo* bargain basis. Nevertheless feel Eban got the point.

Advise Bennike decision earliest.

SMITH

No. 671

611.84A/9-2053: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, September 20, 1953—5 p. m.

338. Article in *Jerusalem Post* this morning says Eban will tell State Department next week "Israeli public opinion disturbed by various American Government acts of omission and commission, none of great importance individually, but together creating an adverse psychological climate".

Comment:

1. Embassy believes that while Israeli public opinion toward US has undergone some change in recent months, its present state is only what would be normally expected in face of United States necessity of: (a) Beginning taper off abnormal proportion which Israel has been getting from US aid to Near East; (b) Taking steps to

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[1] A copy of this telegram was submitted to the Secretary as an attachment to a briefing memorandum by Byroade dated Sept. 25, in preparation for the Secretary's meeting with Ambassador Eban that day. (601.84A11/9-2553)

remedy security vacuum in area without being able wait until Israel and Arabs make peace; (c) Declining accede to move of Foreign Ministry to Jerusalem.

2. To extent Israeli public does not understand United States position, it is in part result of efforts by Israeli Government and press to mispresent or withhold information about United States position (e.g. statement of Foreign Minister to me that no one aware United States Embassy not going to Jerusalem (Embassy telegrams 315 [2] and 67 [3]).

3. In talk I had with Bendor past week, he made point reported above concerning state of Israeli public opinion. I told him we must be equally concerned with trend of United States public opinion toward policies of Israeli Government; that this trend result of increasing doubts concerning:

(a) Effect of Israeli Government policies free world security in area. United States has made fearful sacrifices as result similar vacuum in Korea and US public wants make sure every effort taken now to remove temptation to Kremlin which currently exists here. Israeli Government position rightly or wrongly been widely regarded as obstructive.

(b) Israeli Government refusal take its share of responsibility for solving problem of Arab refugees. Warm support which American people gave to Israel, result of conviction Jewish people as refugees from totalitarian persecution entitled to help. Arab refugees from Israel similarly entitled to assistance in return to normal life. Widely held opinion in US, Israeli Government should cooperate.

(c) Israeli Government *fait accompli* approach to Jerusalem problem. Since World War II, between 72% and 94% of American public has supported United Nations. General belief that support should extend to resolutions US has not voted for as well as those we have. Israeli Government violation of General Assembly resolution on Jerusalem and particularly its recent efforts to induce countries having missions here to disregard it, not well received by informed United States public opinion.

RUSSELL

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[2] Telegram 315 from Tel Aviv, Sept. 12, reporting on a conversation that day between Russell and Sharett, included the following: "Sharett commented world is unaware we are now [*not*] going to Jerusalem; if we should go it would therefore make no difference." (784A.02/9–1253)

[3] Telegram 67 from Tel Aviv, July 15, in part summarized an article in the *Jerusalem Post*, July 15, under the headline "No United States Objections to Ministry's Transfer". (784A.02/7–1553)

No. 672

885.211/9-2153: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET PRIORITY AMMAN, September 21, 1953—1 p. m.

129. Deptel 123.[2] Embassy has described Jordan's position with respect to regional scheme for development of Jordan Valley in Embtel 125.[3] Embassy is convinced political and psychological considerations rule out possibility of Jordan's acquiescence under any circumstances short of an over-all peace settlement acceptable to the Arabs. So charged is the political atmosphere in Jordan vis-à-vis Israel, that economic sense is not the criterion by which they reach decisions. Emotion dictates a course of no piecemeal, non-political agreements with Israel until, if ever, a satisfactory over-all political settlement is achieved. This means that a course of US policy action which envisages a step-by-step approach to the solution of the Arab-Israeli problem (as exemplified by the regional Jordan Valley scheme) is doomed to failure at the start. Its only real chance of success is that it become an integral part of a realistic over-all political settlement based on a recognition of the fact that without major Israeli concessions (territorial and/or otherwise) there will be neither a settlement of the Arab-Israeli problem nor stability in the Middle East.

Given this hypothesis, it can be seen that the injection into the picture of new "circumstances" such as the Banat Yaacov diversion incident does not alter the situation as far as Jordan is concerned. That Israel has undertaken further unilateral action with respect to the use of Jordan Valley waters is, therefore, not a lever we can successfully use to persuade Jordan to give up her own unilateral scheme (the Yarmuk project) to the mutual interest of both countries. It is axiomatic of the Jordanian Arab, mirrored in the policy actions of his leaders, that he would rather hurt himself than help his "enemy". Even if Jordan is given to understand that refusing to accede to a regional scheme for development of the Jordan Valley means consummation of the Banat Yaacov scheme in the form of total diversion of the Upper Jordan into Israel, Jordan will stand fast. Presumably she would wish to go ahead with Yarmuk project on assumption that loss of Jordan waters would perceptibly but not seriously reduce the efficacy of Yarmuk scheme.

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[1] Repeated to Tel Aviv, Damascus, Beirut, Jidda, Cairo, Baghdad, London, and Haifa.

[2] Printed as telegram 207 to Tel Aviv, Document 664.

[3] Document 667.

In light of foregoing, the problem before Department would seem to lie in choosing between: (1) Permitting unilateral development of Jordan Valley waters by both sides, with possibility of curtailing Yarmuk project for reasons already mentioned and with result that fewer refugees would be settled in Jordan Valley than anticipated, or (2) exerting financial or other pressure on Israel not to divert Upper Jordan waters in order to permit full consummation of Yarmuk project and to permit settlement of full complement of refugees in area. If there is greater urgency to the problem of settling refugees and ameliorating refugee problem than there is to settling Israelis in the Negeb, or elsewhere in Israel, then alternative (2) would seem like the logical choice. If this is not case and concomitantly, we wish to run the risk of further antagonizing Jordan and Syria (and possibly the Arab world) in permitting Israel to divert Upper Jordan, then alternative (1) is preferable. Engineers and legal observers all seem of opinion that from any water rights point of view, Jordan should be entitled to some of the waters of Jordan River.

If Department not persuaded to Embassy's view of situation, Embassy suggests Department take action along line advocated in paragraph 6 reftel. Turning matter over to UN has advantage of providing opportunity to test Embassy, Amman's thesis while at the same time removing in some measure, responsibility from Department of having made what may be most unacceptable recommendation.

Embassy agrees UNRWA not proper level for overture. Embassy does not clearly understand what Department means by "Arabs are prepared in advance by groundwork of factual knowledge" in penultimate paragraph. Who is supposed to do the preparing? Presumably, not US diplomatic missions in area because then we acquire the onus we are trying to avoid. UNRWA officials might do it at country director level.

LYNCH

No. 673

683.84A322/9-2553

Memorandum of Conversation, by the Politico-Economic Adviser in the Bureau of Near Eastern, South Asian, and African Affairs (Gardiner)

CONFIDENTIAL [WASHINGTON,] September 25, 1953.

Subject: Israel/U.S. Relations—Diversion of Jordan River

Participants: Mr. Eban, Israeli Ambassador
Mr. Reuven Shiloah, Minister of Israeli Embassy
The Secretary
Mr. A. Z. Gardiner, NEA

Ambassador Eban stated he wished to take the opportunity at this appointment, which was made a week ago, to review Israel/US relations in general, but that he first of all wished to review an urgent subject, the situation which had arisen with the UNTSO and with Syria in connection with the proposed diversion of Jordan water below the Banat Yaacov bridge. The Department will receive Mr. Sharett's detailed remarks to General Bennike on this subject.[1] The Ambassador stated that it was an electric power project, with no effect on the general topography of the region; that the new channel that is being cut does not empty the existing channel of the river and affects no land rights in the demilitarized zone; that the project had been instituted on September 2 with the knowledge and concurrence of Colonel Tillotson of the UNTSO, and work had continued on the project with his knowledge. Mr. Karrer, TCA Water Specialist, had been informed on the 5th or 7th of September. This was not a suddenly-undertaken enterprise and there was no doubt as to its legitimacy or value.

General Bennike, however, had ordered the work stopped; his action was based on misinterpretation of facts relating to land rights and flooding damage. There was no justification for suspending the work, and the Israeli government felt it could satisfy all points at issue on the technical level except for the point raised by General Bennike which concerned the military advantage of the project. A decision on a matter of this nature was necessary at a higher level, but the Ambassador did not think that development work of benefit to the region should be held up for military considerations. In any case his government was not the body carrying out the scheme, but it wished to preserve the rights of the Palestine Land Corporation, the concessionaire, as well as the rights of

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[1] In a decision of Sept. 23, Major General Bennike, as Chairman of the Israel-Syria Mixed Armistice Commission, requested the Israeli Government to cease its operations in the demilitarized zone so long as an agreement was not arranged. (U.N. doc. S/3122, Annex I) Foreign Minister Sharett replied on Sept. 24 with a series of reservations on the part of Israel. (U.N. doc. S/3122, Annex II) In a letter of Oct. 12, the Syrian Representative at the United Nations complained to the Secretary-General that Israel had violated the Israel–Syria General Armistice Agreement of July 20, 1949 (U.N. doc. S/3106); and in a letter of Oct. 16 to the President of the Security Council requested a meeting of the Council to consider the complaint. (U.N. doc. S/3108/Rev. 1) On Oct. 23, Bennike submitted a report to the Security Council on his decision of Sept. 23 (U.N. doc. S/3122). The Security Council considered the Banat Yaacov question at its 629th to 656th meetings, between Oct. 27, 1953 and Jan. 22, 1954. (U.N. docs. S/PV. 629–656) The text of Council Resolution 100 (1953), adopted on Oct. 27, is printed as Document 710.

Syrian landowners in the Jordan Valley. The Ambassador thought that all these rights could be respected. It is Israel's intention to appeal the case to the Security Council. He would like US assurance of a full opportunity to appeal the case through peaceful means.

Cutting across these issues had come Assistant Secretary Byroade's advice on the subject of our withholding the allotment of aid to Israel under the Mutual Security Act. The Israeli government had never regarded MSA aid as tied to political action, and it was most unfortunate to make it a counter in this complex issue. The Ambassador thought that linking the release of aid funds to the issue would prevent Israel from pursuing an orderly appeal through SC channels. He recalled that the Israeli case was sustained in the Security Council three years ago when similar issues arose in connection with the Huleh development. He therefore requested the Secretary to keep separate the subject of US aid to Israel and the immediate problem of water development. If the case does come before the Security Council he hoped that the US Government representative will take the same attitude adopted three years ago, and permit economic development to continue in the demilitarized zone. He further hoped that in view of the Syrian threats to take military action that the US Government would insist on peaceful procedures.

The Secretary replied to Mr. Eban at this point along the following lines.

The Secretary was unable to pass on the merits of the project from a technical standpoint. However, it was very difficult for the US when Israel took action in apparent disregard of UN decisions and created *de facto* situations which Israel could not later abandon. The Israeli Foreign Minister had said "What we have, we hold." This makes for a feeling here that it is Israeli government policy to create situations and then say "Here I am, unless thrown out by force." It would be much easier if Israel had more regard for UN action and legal processes.

At this point Mr. Eban stated that Israel's territory was fixed by armistice agreements which set the limits of Israel's existence. Israel however was willing to discuss territorial revisions. Mr. Eban pointed out that Israel was a small country of only 8,000 square miles, where there were 2,000,000 square miles of territory in Arab lands.

The Secretary asked whether this was a new position of the Israeli government, and the Ambassador replied that Israel had always been prepared to discuss territorial adjustments at a peace conference and that they were quite prepared to bargain with the Arabs for territory.

The Secretary observed that many people felt that Israel had received too many immigrants. He further stated that it would make a good impression in the United States and be of help to the United States if Israel agreed to comply with the UNTSO decision unless and until such a decision was reversed on appeal. He pointed out that we were trying to adopt a fair, even-handed policy in the Near East. This was difficult to accomplish if the Israeli government appeared to be disrespectful of United Nations decisions while we continued to furnish aid which from our point of view was discretionary. The incident of the diversion of the Jordan waters had closely followed the move of the Foreign Office to Jerusalem which had caused strong protest in Congressional circles. Both these situations will make matters very difficult for us if there appeared to be defiance of the UNTSO decision by Israel.

At this point Mr. Eban stated that work at Banat Yaacov had begun with UN acquiescence and that Israel would be prejudiced if the work was now stopped.

The Secretary then asked what Israel intended to do if the decision were against Israel, and the Ambassador stated that Israel hoped to be able to continue the work and to satisfy the controversial issues.

The Secretary stated that the whole question of the Jordan waters appeared controversial and that both sides were suspicious that the other side would steal water which rightfully belonged to it.

Mr. Eban affirmed that Israel would like to engage in discussion of regional water problems but their neighbors would not agree to do so. The Secretary pointed out that their neighbors in the present instance were sustained by a decision of Bennike and while the Secretary was not familiar with the merits of the case, the fact that General Bennike came to the scene as an unbiased person, and had reached a presumably unbiased decision, was an important consideration. Under these circumstances, he did not see how the Israeli government could say it was not going to pay attention to his decision.

Ambassador Eban pointed out that we had previously taken no action in matters of this kind until the matter reached the Security Council. He also pointed out that all Security Council decisions had been honored except by Egypt in the case of Suez Canal transit.

The Secretary again referred to Israel's right to appeal to the Security Council but said that if Israel took action to continue construction while an appeal was pending a situation might be created which could not be undone.

Ambassador Eban responded that no water would be actually diverted until sometime in 1954.

The Secretary then asked if the Israeli government felt it prudent to invest funds in a project which might not be sustained by the Security Council and Ambassador Eban stated that only two or three million Israeli LS were involved.

The Secretary then stated that an effort might be made to secure an opinion from Bennike to permit certain work to continue while the appeal was pending, assuming that the facts as to individual rights would be found as stated by Ambassador Eban.

The Ambassador then requested the opportunity to consider the more general subjects of American/Israeli relations. It would not be prudent on his part to conceal the fact that a cloud had fallen over these relationships. While no one issue was paramount, the cumulative effect of many minor issues had caused growing concern on Israeli public opinion. He referred first to the reluctance of US officials to reassert in public the firm friendship which existed between the two countries. The absence of such protestation was noticeable now because so many had been made in past years. US leaders are now eloquent on the subject of Arab friendship, and appeared to have lost their balance. He referred to a recent Presidential message to a Zionist group which lacked any reference to the friendship existing between the US and Israel. In the second place, as far as Jerusalem was concerned there were two aspects to the conflict of opinions. The first related to the move of the Foreign Ministry and the second to the general question of Jerusalem and its internationalization. Whereas the two governments appeared to be in agreement on the subject of internationalization, the US public seemed aware only of the conflict on the move of the Foreign Ministry. A recent statement by Catholic interests favoring regional internationalization had failed to take into account the change in the US Government view.

A third topic related to the agitation of the Israeli public because of United States proposals to supply arms to the Arab nations. The Ambassador referred to the passionate feeling in Israel on this subject. The situation on Israel's borders is tense, and Arab leaders are not talking or thinking peace. It was incomprehensible to the Israeli public that the US should furnish arms to such dictators as Naguib and Shishakli. Such action was not in the US tradition. The Ambassador thought in this case that we should err on the side of caution and abandon proposals to provide the Arabs with military assistance.

Other issues seemed minor in comparison. The Ambassador hoped that we would not continue to be so rigid in our restrictions of contacts with the Foreign Ministry in Jerusalem and would follow the action of other countries in this regard. He referred again to the unfortunate linking of release of Mutual Security funds with political issues between Israel and the Arab states, and pointed out that both countries were in the long run governed not by individuals but by public opinion. In conclusion he felt that the relations between Israel and the United States were basically on a sound foundation of public understanding.

The Secretary regretted that time did not permit his making a response to this statement of Ambassador Eban's since another engagement was pressing on his time. He said he hoped to see Mr. Eban next week for a further talk and he would make a full reply at that time. He observed that the Arabs with whom he had discussed general subjects at the United Nations had told him that they hoped for better relations with the new Administration but that it appeared that the United States was continuing to favor Israel. Mr. Eban replied that this was proof of the failure of our policy of friendship with the Arab world.

As Mr. Eban took his departure, the Secretary restated his opinion that we should withhold release of MSA funds until the issue of the Jordan waters had been further clarified.[2]

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[2] This conversation was summarized in telegram 238 to Tel Aviv, Sept. 25, 7:33 p.m., repeated to Damascus, Jerusalem, London, and Paris, and sent by air pouch to Cairo, Amman, Beirut, Baghdad, Ankara, Rome, and Jidda. (683.84A322/9-2553)

No. 674

683.84A322/9-2553: Telegram

The Chargé in Israel (Russell) to the Department of State[1]

SECRET NIACT TEL AVIV, September 25, 1953—7 p. m.

362. Embassy comments on Embassy telegrams 355[2] and 356.[3]

[Here follows detailed comment on numbered points 7 (a) through (e) of Bennike's decision of September 23 and Sharett's reply of September 24.]

It will be seen from Tekoah's (Embassy telegram 309)[4] and Sharett's (Embassy telegram 356) presentation of Israel's position that if problem is to be settled on basis of weighting of legal claims and counterclaims, decision will be long drawn out and outcome uncertain. There are, however, two preliminary and possibly more fundamental questions: (1) Why Israel Government, contrary to its previous plans, chose to raise the question in this sudden and exacerbating form and (2) whether Israel Government is going to work with, and abide by decisions of, United Nations machinery.

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[1] Transmitted in three sections; repeated to Amman, Beirut, Damascus, Cairo, Baghdad, Jidda, London, Paris, and Jerusalem. Section 1 was to be passed to the Department of Defense.

[2] Telegram 355 from Tel Aviv, Sept. 25, not printed, summarized General Bennike's decision of Sept. 23 on the Israeli diversion of the Jordan River at Banat Yaacov. (683.84A322/9-2553) For the text of Bennike's decision, see U.N. doc. S/3122, Annex I.

[3] Telegram 356 from Tel Aviv, Sept. 25, not printed, summarized Sharett's reply of Sept. 24 to Bennike's decision of Sept. 23. (683.84A322/9-2553) For the text of Sharett's letter of Sept. 24, see U.N. doc. S/3122, Annex II.

[4] Document 661.

While pattern of Israel Government actions is not perhaps beyond dispute, it would seem to be emerging. Since visit of Secretary to this area for purpose of determining how United States can help in bringing about relaxation of tension, there has been: (1) Israel Government resort to reprisals contrary to request of United States Government, (2) sudden week-end move of Foreign Ministry to Jerusalem contrary to request of majority of countries having missions here, (3) impatience with United States grant-in-aid objectives (Embassy telegram 1965), [5] (4) efforts by Israel Government to thwart United States plans to remedy free world security vacuum in area, (5) action in violation demilitarized zone agreements on Egyptian border (Embassy telegram 342) [6] and (6) sudden decision to commence construction on Banat Yaacov Dam with resulting flare-up of Arab resentment at time United States Government about to make suggestions for regional plan of development of water resources. While motives of these actions is matter for conjecture (Embassy telegrams 120, [6] 215 [6]) it is clear their result is to maintain relations between Israel and Arab neighbors in state of increased tension that renders more difficult the efforts by United States Government to help in solving area problems and to improve security of free world along this important segment of Soviet periphery.

Embassy's analysis of effect of withholding first quarter allotment of grant-in-aid (Department telegram 226) [7] as follows. Israel Government has funds on hand to pay debts maturing in October and probably also in November. Payments must immediately be made however, on petroleum ($3 million) and ship load of wheat scheduled for sailing week of October 5 ($1 million). Balance of allotment also urgently needed as stated in joint Embassy–TCA telegram 295. [8] If grant-in-aid not available further borrowings will, of course, be necessary, increasing debt load early in 1954 which, under section 105, could not be paid from delayed release of first quarter allotment. Since effect of holding allotment is thus more than mere delay, it should serve to make Israel Government aware of importance of early solution to Banat Yaacov. If Israel Government should refuse cooperation in efforts bring about early relaxation of tension resulting from construction there would be increased debt pressures with resultingly greater possibility of default early in 1954.

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[5] Document 632.

[6] Not printed.

[7] Document 670.

[8] Not printed.

RUSSELL

No. 675

683.84A322/9-2653: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, September 26, 1953—6 p. m.

366. Called this afternoon on Foreign Minister at his invitation his residence Tel Aviv. He made following points:

(1) Whereas in past with reference to drainage scheme United Nations at no time expressed opposition to scheme itself, Bennike decision does.

(2) In past requests to interrupt work had always been for definite period rather than indefinitely as in present instance.

(3) While Bennike's letter does not explicitly refer to agreement with Syria it is implied. Decisions of chairman UNTSO with regard to stoppage or commencement of work have never been contingent in past on obtaining Syrian agreement. Inasmuch as Syrians continue to pursue policy of economic warfare, compliance means agreeing to "death warrant for any development in demilitarized zone". As analogy Sharett referred to request by mandatory power in 1936 for temporary suspension of immigration. It was even harder in that case for Jews to refuse request as it meant loss of lives, he said, but they felt it essential do so because compliance would have destroyed position in international law.

Foreign Minister went on to say that fortunately there were features in both letters (Embassy telegrams 355, 356) [2] which mitigated seriousness of situation. Referred specifically to fact that Bennike's text does not explicitly state "agreement with Syria"; to Israel's position that request cease work was not ultimatum since no date given; and to fact that while his own letter asserts request unjustified, it does not say Israel will not comply. Suggested that if it were possible make clear that United Nations not questioning legitimacy of work as such, that stoppage is not for indefinite period, and that work agreement means Israel Government agreement with Bennike or Arab owners of land rather than with Syrians, compromise would be possible. Otherwise he said, Israel Government sees no alternative to submission matter to Security Council.

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[1] Repeated to Damascus, London, Paris, Jerusalem, Amman, Beirut, Baghdad, Cairo, and Jidda.

[2] Not printed, but see footnotes 2 and 3, *supra*.

Foreign Minister said matter was not ordinary difference of opinion over technical aspect of armistice agreement. It involved project which was link in chain of operations vital to Israel's future and agreement to Bennike request in present form would give Syria strangle hold over good part of Israel's economic future. Said further he hoped Syria would not start firing; that Israel feels in matter as if it is fighting for its life. Concluded that any friendly influence which could be brought to bear for constructive compromise would be welcome.

I replied that much thought had been given by United States Government in recent months to ways in which it could use its friendly influence to promote rational plan for water development in region and unfortunate that effort to exercise this influence has to be against background of controversy resulting from sudden beginning of construction. I asked Foreign Minister if he could tell me when decision had been made to commence construction since we had been informed project had not been included in the current year's budget. He said he had been under impression construction scheduled for a date even earlier but he would ask Minister of Agriculture "who may have had his budget difficulties".

I said 2 things clear:

(1) United States interested in promoting most equitable use of area's water and

(2) It will be most difficult for United States to lend friendly influence to this end while one of nations not complying with UN request. With regard to immediate problem arising from Bennike's decision, I suggested possibility of compliance by Israel with Bennike's request with accompanying statement safeguarding Israel's legitimate interest.

When I mentioned Secretary's conversation with Eban (Department telegram 238) [3] as indication problems likely to arise in event non-compliance, Sharett said he had only received telephoned report of Eban cable but said he wished to stress advisability of "not precipitating crisis or semblance of crisis in United States-Israel relations because it can only raise new problems associated with national pride and self esteem. World has learned that national pride often stronger than economic sanctions."

While Foreign Minister appeared interested in possibility of compliance with accompanying statement he saw no possibility now of taking further steps until there is reply from Bennike, but added he would discuss matter with Cabinet tomorrow.

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[3] Not printed, but see footnote 2, Document 673.

During discussion Foreign Minister took position Syria had no status in matter and present question in demilitarized zone one between Israel Government and UNTSO. He expressed opinion that problem had been complicated by fact that in a matter between Israel Government and Bennike, latter, unlike Riley, had given his decision to Israel and Syria simultaneously making it impossible for Israel Government to work out solution with Bennike before it became final. I indicated Bennike bound treat both sides to dispute equally and special treatment of one side would have been improper.

British Ambassador told me Sharett had made above points to him earlier in day; that he emphasized importance which British Government attaches to compliance with United Nations machinery.

RUSSELL

No. 676

683.84A322/9-2853: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET NIACT TEL AVIV, September 28, 1953—1 p. m.

367. Bennike informed by Consulate General Jerusalem yesterday morning (Deptel 239). [2]

Foreign Minister called me on telephone from Jerusalem last evening; said he had received letter yesterday morning from General Bennike to which he had replied in afternoon and felt hopeful on possibility of "[compromise]". Foreign Minister said Israel press had reports from Washington (Gelblum of *Haaretz*, according to another source) that Department withholding aid pending compliance by Israel with UNTSO's request. Added that public information United States exercising economic pressure, might make it impossible for Israel to agree to compromise.

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[1] Repeated to Damascus and Jerusalem.

[2] Telegram 239 to Tel Aviv, Sept. 26, requested the Embassy in Israel (in reiteration of telegram 95 to Damascus, repeated to Tel Aviv as 204, Sept. 11) to inform Bennike of the Secretary's conversation of Sept. 25 with Eban, indicating the intention of the United States to support decisions of the U.N. Truce Supervision Organization unless and until they were reversed by U.N. authority. The Embassy was instructed not to advise Bennike of specific sanctions such as the withholding of economic aid. (683.84A322/9-2653)

Jerusalem Post this morning says Bennike has accepted invitation to call on Foreign Minister today; that according informed observers government ready continue discussions until mutual agreement reached with UN; that Israel will follow no extreme formula in negotiating.

Comment

1. All evidence (including talk with Foreign Minister) continues to support assumption decision commence Banot Yaacov construction hastily taken around middle of August.

2. It is Embassy's belief decision had following purposes: (a) Create *fait accompli* on construction; (b) Induce state of mind in Arab Governments that would make impossible approach to water development embodied in TVA study; (c) Raise in UN Israel's right to all water of Jordan as oblique attack on TVA study; and (d) Change Foreign Ministry from position of isolation, in which it had placed itself by move to Jerusalem into center of controversy. Latter two indicated by completeness with which legal position worked out from beginning (Embtel 309)[3] and Foreign Minister's excessive concern over "very existence of state" in a development Israeli Government itself provoked and which month before it had no intention of undertaking at this time.

3. Re publicity, Embassy suggests neither publicly confirming nor scotching reports.

4. It will be recalled move of Foreign Ministry timed immediately after $6,000,000 emergency release on June 22 so no possibility of utilizing latter as restraint as in case of Banot Yaacov construction and release of FY 1954 funds. Embassy-FOA suggest it may be desirable to state to Israeli Government when figure of FY 1954 aid for Israelis discussed that it constitutes present intention subject to modification as circumstances may require and that purchase requests against quarterly allocations will also be subject to circumstances existing at time.

RUSSELL

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[3] Document 661.

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No. 677

683.84A/9-2953

Memorandum of Conversation, by Douglas Worcester of the Office of Near Eastern Affairs [1]

[Extract]

CONFIDENTIAL [WASHINGTON,] September 29, 1953.

Subject:	1. The Israel–Syria Demilitarized Zone Dispute 2. UN General Assembly Aspects of Tunisia and Morocco
Participants:	Ambassador Zeineddine—Syria Dr. Zakkaria—Syrian Embassy Mr. Hart—NE Ambassador Moose Mr. Harlan Clark—Embassy Damascus NEA—Dr. Howard NE—Douglas Worcester

1. The Israel–Syria Demilitarized Zone Dispute

Ambassador Zeineddine began the discussion by recalling the earlier dispute over drainage of the Huleh marshes, a dispute which culminated in the May 18, 1951 Security Council resolution. He charged that Israel had never complied with the resolution but had continued drainage operations, thereby removing a natural military barrier between Israel and Syria. Moreover, the Israelis were in the habit of conducting operations as if the Demilitarized Zone (and the Jordan River) were Israeli territory instead of territory where sovereignty is in abeyance pending a final peace settlement.

The present dispute, he said, was a natural outgrowth of letting the Israelis get away with things 2½ years ago, but the Syrian Government is disturbed particularly by three aspects of the dam diversion/canal operation below Baanat Yacoub:

a. Syrian information indicates the Israelis do not intend to return diverted water to Lake Tiberias via power installations, but instead will store it for use possibly on the coastal plain in line with the Hays-Lowdermilk plan.

b. Diversion of Jordan waters will leave dry an important system of eight canals in Syrian territory; some of these canals feed the rich Buteiha farms.

c. As a military barrier, the Jordan River will become adjustable to Israeli desires by means of opening or closing the dam spillways.

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[1] Also drafted by Harry N. Howard.

Over and above these considerations, however, the Syrian Government regards the fate of General Bennike's September 23rd decision as the touchstone of: applicability of the Armistice Agreement; UN effectiveness in dealing with Israel; and of meaningfulness in the Tripartite Declaration. Therefore, Syria believes support of General Bennike to be vital and is anxious to know the position of the United States.

Mr. Hart explained that only yesterday morning Prime Minister Mardam Bey had received assurances from Chargé d'Affaires Geren in Damascus that the United States stands fully behind the decision of General Bennike. Moreover, on the previous Friday the Secretary had made our position known to the Israeli Ambassador. Ambassador Zeineddine was pleased to learn of our statements, but he wondered what the United States position would be if Bennike's decision were placed before the Security Council. Would the United States still support it?

Mr. Hart replied that the United States is supporting Bennike and will continue to stick by the decision as it now stands. It is too early to tell what may develop, but meanwhile the U.S. hopes that both Israel and Syria will not increase the present tension. Moreover, the Israel Government has not yet categorically refused to comply with the decision, which may be a token for the better.

Ambassador Zeineddine expressed doubt that Israel would comply unless the United States made itself heard, or more importantly, placed some practical restraint upon Israel. Mr. Hart reiterated that the United States position had been put to Israel and had been put emphatically.

Ambassador Zeineddine may or may not have caught the drift; he simply replied that Syria does not want to seek Security Council review but may have to do so as a last resort.

2. UN General Assembly Aspects of Tunisia and Morocco

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No. 678

783.5 MSP/9-2353

Memorandum of Conversation, by Douglas Worcester of the Office of Near Eastern Affairs

CONFIDENTIAL [WASHINGTON,] September 29, 1953.

Subject: Discussion on Economic Assistance to Syria

Participants: Ambassador Zeineddine—Syria
Dr. Yassin Zakkaria—Syrian Embassy
Mr. Jernegan—NEA
Mr. Gardiner—NEA
Ambassador Moose—Embassy, Damascus
Mr. Harlan Clark—Embassy, Damascus
Mr. Norman Paul—FOA
Mr. Worcester—NE

Mr. Jernegan stated that at present he was handling discussions for Mr. Byroade on all aspects of aid programs for NEA countries, and he was happy that both Ambassadors Zeineddine and Moose were able to be at this meeting. He recalled the previous discussions which the Syrian Ambassador had had on this subject with Departmental and other agency officials; the purpose of this meeting was to recapitulate and clarify various points, while acquainting the Ambassador with new thoughts developed. Mr. Jernegan proceeded then to elaborate on the following points in an *aide-mémoire*, a copy of which was to be delivered later to the Syrian Embassy: [1]

1. The United States wants to grant Syria military and economic assistance; moreover, we look to Syria for closer cooperation in fulfilling its refugee agreement with UNRWA. For the present, however, we do not insist that these three aspects—economic, military and refugee—be commingled, but are amenable to treating them separately if Syria so desires.
2. While grant economic aid can be used in many ways, it cannot be substituted for any funds which Syria might find available from the IBRD. However, the U.S. believes that with Syria it can devise arrangements with the IBRD for Syria to marshal available resources from all three in the near future.
3. As for specific economic projects utilizing grant aid, the U.S. understands that Syria has three which stand at the stage for execution: a roads program, construction of Latakia Port, and reclamation of Ghab Swamp. Naturally the U.S. is not endorsing these projects to the exclusion of any others which Syria might have in mind, but believes simply that these are the ones closest to leaving the drafting board.
4. The U.S. understands that the IBRD has been discussing terms under which the foreign exchange costs for these projects might be loaned to Syria; we are prepared to assist Syria by advancing funds to meet some or all of the local costs. Also we are prepared to underwrite completion of worthwhile stages in these projects, although amount of funds which we would commit must depend on technical considerations which the U.S. stands ready to study with Syria and the IBRD. Finally, we want to stress the importance of prompt action in determining those commitments, in view of U.S. budgetary limitations and the U.S. Government's desire to use available funds with reasonable dispatch.

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[1] Dated Oct. 1. (783.5 MSP/10-153)

5. In addition to grant economic aid as illustrated in the three projects, the U.S. is willing to provide technical assistance as requested by Syria, and in particular to furnish engineering surveys relative to development of Syrian water resources along the Euphrates and elsewhere.

6. As for the necessary procedures which Syria must undergo to initiate a program of U.S. grant economic and technical assistance:

> a. Syria and the U.S. would have to conclude a standard agreement defining the terms under which the assistance would be forthcoming. This agreement would contain the assurances set out in Section 511 (b) of the Mutual Security Act of 1951, and a copy of 511 (b) would be given the Ambassador at this time for study.
>
> b. Syria would be expected to continue its negotiations with the IBRD and to accept the guidance of the Bank in establishing Syrian controls for ensuring the proper execution of projects.
>
> c. Syria would have to agree to embargo shipment of certain materials to countries within the Soviet orbit, since under the provisions of the Battle Act the U.S. cannot supply aid to countries not enforcing such an embargo.

In conclusion Mr. Jernegan reaffirmed the Department's confidence that future support for aid to Syria could be maintained in the U.S. Government. He stressed, however, that support will not be obtainable unless demonstrable progress in projects is made in the near future. The Congress is reasonable and sympathetic, but it expects to "see dirt fly" in the Near East; the Department will lack persuasion if it goes to the Hill next year with only blue prints again as *bona fides*.

Ambassador Zeineddine thanked Mr. Jernegan for a very clear presentation. He added that he would like clarification of certain points, however. What about the execution of other projects? Could such take place after Syrian submission of cost estimates and project justifications? Syria has many projects in mind, grain elevators being one of the foremost, but Syria cannot afford the money to blue print projects without knowing if funds will be available for the actual construction. Furthermore, negotiations between Syria and the IBRD might not be completed until the middle of 1954.

Mr. Jernegan replied that the U.S. could not commit itself in advance to just any project, but he reiterated that we are ready to contemplate assistance on other projects which are equally as worthwhile as the illustrative three, and which are sufficiently advanced in planning. He indicated that grain elevators could be considered feasible. In reply to the Ambassador's further question on IBRD controls, Mr. Jernegan and Mr. Gardiner said that such controls would of course satisfy the U.S. but should be thought of as a guarantee to Syria that the finished product would meet the requirements.

Ambassador Zeineddine continued to propose projects. There is need in Syria for an agricultural bank; the existing institution advances credit only to established farmers upon the strength of a mortgage. The loans are insufficient for farmers to develop their land by modern methods of conservation and mechanization. A new bank with greater credit facilities could promote good principles of land utilization. Two other advantages would accrue: a progressive, landless element would be enabled to purchase farms, and consequently land reform would be initiated through a procedure which the Ambassador thought was much better than division of existing rights and claims. The latter procedure provokes bitterness and evasion. Therefore, since Syria does not have the capital to create the bank, and since the project cannot be "blueprinted" and is outside the scope of IBRD, could the U.S. earmark a portion of present funds in order to later finance this demonstrably laudable project? Also, could the U.S. earmark funds for Syrian participation in two regional projects—the Mediterranean–Persian Gulf highway, and an Arab Development Bank which could finance revival of the Hejaz Railway and water harnessing on the Euphrates?

Mr. Gardiner asked how ownership of the Arab Bank would be evolved, and how such matters as interest and dividends would be settled, or indeed reconciled with Islamic views.

Ambassador Zeineddine thought the Arab Bank might function as a non-profit juristic person with multi-national directors. Saudi objections to the interest angle could be overcome; "learned opinion" does not forbid rent, but the use of money acquired from money for the purpose of making a further profit. He believed the Iraqis might now go along. Additionally, if Aramco were to advance more money to Saudi Arabia than could be utilized readily, Ibn Saud might be persuaded to deposit such funds in the Arab Bank.

Mr. Jernegan said that the Department was interested in all of the ideas which the Ambassador had presented. At some later date we might be disposed to cooperate toward their fruition. He reiterated that none of them, however, were organized sufficiently to justify the earmarking of U.S. funds. The Arabs have yet to reach agreement on the highway and the Development Bank. As for the Yusuf Pasha Barrage plan, it would take probably two years just to make an engineering survey to determine the feasibility of construction. To repeat—it is vital that Syria utilize the available funds for readied projects. In addition, surveys can go forward on others, and when completed be the basis for project construction requests in the following years.

Ambassador Zeineddine reverted to the agricultural credit bank. He believed its plans would be worked out soon, and with its importance to the overall economic welfare of Syria, why couldn't the U.S. earmark funds to establish it? Also, Syria would like to send a number of students abroad to agricultural schools, preferably here but possibly in Europe as well; could funds be set aside for their expenses? Mr. Jernegan explained that the student question was covered by technical assistance rather than grant aid, and at any rate would involve only a relatively small amount of money. Mr. Gardiner suggested that Syria might get funds for the agricultural credit bank by allocating the equity and the profits which would accrue eventually from the three projects outlined earlier by Mr. Jernegan.

The Ambassador countered that Syria intends to use such profits for projects of social welfare. To Mr. Jernegan's interjection that Syria might be interested in an industrial bank like the one set up by IBRD in Turkey, he replied that apparently the IBRD was not ready to do so. However, he would be happy to discuss an agricultural-industrial bank with FOA officials.

He concluded by saying that it was very important for the U.S. to make the terms of a Syrian agreement as "easy" as possible. President Shishakli is beholden to public opinion. The street element in Syria must not be able to portray the agreement as an instrument of colonization or imperialism. After all, it is the essence which is wanted in the agreement, and not so much the form. For instance, since Syria does not and has no intention of shipping materials to the Soviet bloc, why belabor the point?

Mr. Jernegan expressed his confidence that an agreement could be evolved to the satisfaction of both countries. Possibly the Syrian Government could comply by a simple acknowledgement of the terms of our agreement. Ambassador Zeineddine thanked the group and said that he would forward our views to his Government. He mentioned that he would like to return later in the day and discuss the Israel–Syria controversy and the Tunisia–Morocco question.

No. 679

674.84A/9-2953 Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET NIACT CAIRO, September 29, 1953—2 p. m.

379. As we have been reporting recently, Egyptians have been endeavoring to avoid any sort of controversy with Israelis and have been playing down reports of border violations, shooting of Bedouin, et cetera.

This morning Vice President Abd Al Nasir asked to see me to tell me that last night 300 Israeli troops occupied Al Auja in demilitarized zone and immediately began digging trenches, putting up barbed wire, et cetera at a point one kilometer northeast of the "building" at Al Auja. Egyptian liaison officer protested in vain. Israelis retorted that Al Auja is a part of Israel.

I counseled calmness and Nasir said they would be calm but in view of "gravity" of what Israelis have done, and also in view of fact that Egyptians have withdrawn most of their troops from Gaza district, he must immediately send troops to area. I said "do not let them enter demilitarized zone". He said "no at least for the present they will stay on border". "However", he said, "I am feaful of reaction of our public when they hear this and it will be impossible to keep them from hearing it".

I told him that I would communicate on subject immediately with Department.

I should appreciate it if Department would let me have as soon as possible some word to pass back to Nasir.

CAFFERY

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[1] Repeated to London and Tel Aviv.

No. 680

674.84A/9-2953 Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, September 29, 1953—7:30 p. m.

365. You may inform Nasir Dept regards any violation Armistice Agreement or flouting of UN authority with utmost (Cairo's 379) [2]

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[1] Repeated to Tel Aviv and to London and Paris by pouch.

[2] *Supra.*

seriousness. As first step we assume Egypt taking up matter through existing UNTSO machinery. Dept plans make appropriate inquiries of Israel re this incident. You may add Secy expressed to Eban Sept 25 our concern over Israel's reaction to Gen. Bennike's decision regarding Banat Yaacov Canal. You should continue stress importance to Egypt in her overall interest of showing restraint and avoiding aggravation situation Israel border. You may add Dept recognizes statesmanlike attitude toward this problem followed to date by RCC. [3]

DULLES

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[3] Ambassador Caffery reported on Sept. 30 that he had transmitted this message to Nasir and the Minister of Foreign Affairs, both of whom expressed satisfaction at the Department's attitude. They affirmed that Egypt was taking the matter up through the U.N. Truce Supervision Organization and that they would refrain from provocation. At the same time, Egyptian forces in the area which were reduced in May were being reinforced. Nasir said he was awaiting further information as a result of the Department's inquiries of Israel and expressed the hope that Egypt's reliance on U.N. action would "result in something more than usual words." (Telegram 384 from Cairo, Sept. 30; 674.84A/9–3053)

For the text of the Egyptian letter of Oct. 2 to the Security Council concerning the Israeli advance at al-Auja, see U.N. doc. S/3101.

No. 681

683.84A322/10–353: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, October 3, 1953—4 p. m.

398. I called on Foreign Minister his residence Tel Aviv this morning (Deptel 256). [2] Informed him that in view of USG the Israel Government should have complied with Bennike's request to stop work on canal project regardless of intention to appeal to Security Council. I stated stoppage of work only after completion of portion lying in demilitarized zone could not be considered by USG as compliance.

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[1] Repeated to Damascus and Jerusalem.

[2] In telegram 256 to Tel Aviv, Oct. 1, the Department stated that the present status of Israel's compliance with Bennike's decision to stop work on the canal project was unclear. The U.S. Government believed the Israeli Government should have stopped work upon receipt of Bennike's decision whether or not an appeal to the Security Council was contemplated. In order to clarify the matter and give maximum support to the U.N. Truce Supervision Organization, the Embassy was instructed to inform the Israeli Government, and the Department would inform Eban, that completion of the Demilitarized Zone portion of the work before stopping would not be considered by the U.S. Government as complying with Bennike's decision. (683.84A322/10–153)

Sharett summarized IG position by saying there are two questions: (1) with respect to land, it is a question of fact as to whether Arab lands in Israel are affected (Embtel 356);[3] (2) with respect to water, there has not as yet been any diversion and will be none until completion of canal, so no complaint can be made on that score at this time. Sharett said portion of project lying within demilitarized zone is major piece of construction and will take many months.

Sharett stated that IG has not stopped work on canal; that complication arose after work had been underway and Bennike did not specify date by which work should be stopped; that IG had offered to satisfy his doubts on factual side; and this discussion still continuing. Sharett said at luncheon with Bennike on Tuesday latter claimed IG had worked on Arab land though admitted it was not now doing so. Sharett suggested they go over pertinent documents together. Bennike replied his men looking into them.

Sharett says if at end of this discussion there is no agreement IG may appeal to Security Council and, if it does, it will then have to decide whether to stop work pending Council consideration.

RUSSELL

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[3] Not printed, but see footnote 3, Document 674.

No. 682

784A.13/10-753 Telegarm

The Chargé in Israel (Russell) to the Department of State

SECRET TEL AVIV, October 7, 1953—4 p. m.

413. At casual meeting Tel Aviv last evening, Prime Minister asked me "When is your government going to stop boycotting Jerusalem?" Question appeared to be rhetorical. He went on to say in friendly but vigorous fashion: "Your present policy is blasphemy. Christ himself came to Jerusalem. So did Dulles, a religious man. Other religions, to be sure, have interest in Jerusalem but those who launched them were Jews. Reason given by Western powers for not wanting move of Foreign Ministry to Jerusalem was that it would increase tension. That would mean Arabs would determine Jerusalem policy. Jews have been in Jerusalem for thousands of years and government is thereby right. Government of Israel, not just particular ministries or branches of the government, but government itself, has been in Jerusalem since 1949. Therefore no basis for change in Western powers policy because of move of For-

eign Ministry." I have no reason to believe I succeeded in materially changing Prime Minister's views.

He said he intends return to office from his vacation in about 12 days.

RUSSELL

No. 683

684A.86/10-853

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart) [1]

SECRET [WASHINGTON,] October 8, 1953.

Subject: Arab-Israel Relations: A Basic Review by the Secretary.

Participants: Mr. Abba Eban, Ambassador of Israel
Mr. Reuven Shiloah, Minister of Israel
Mr. John Foster Dulles, Secretary of State
Mr. Henry A. Byroade, Asst. Secretary, NEA
Mr. Parker T. Hart, Director, NE

This meeting was continuation of an interview between the Secretary and Ambassador Eban on September 24, at which time the Ambassador raised questions concerning basic United States-Israel relations upon which the Secretary replied that he would have to defer comment until a later date since he was scheduled to attend another meeting.

Ambassador Eban opened the conversation by stating that Israel had made "progress" with Bennike on the Jordan diversion problem. A series of conversations had been held between Bennike and Foreign Minister Sharett and it was understood that the Israel Government was awaiting a reconsideration by Bennike of his decision. Israel had also undertaken to assure adequate water to Arab properties in the demilitarized zone and had given this assurance to Bennike and not to the Syrians since by Israel's interpretation of the Israel-Syrian armistice agreement, Israel owed no responsibility to Syria on this matter. Assistant Secretary Byroade, asking for permission to respond on this point, stated that whatever may be the conflicting interpretations of the armistice agreement, Bennike's position in the matter had been made clear. He had requested that the work stop.

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[1] This memorandum was summarized in telegram 276 to Tel Aviv, Oct. 9. (611.84A/10-953)

The Secretary brought the conversation to the topic upon which he had understood that Ambassador Eban wished his reply, namely, an analysis of United States–Israel relations, what difficulties had arisen and how they could be improved. The Secretary reviewed the closeness of United States ties with Israel, which were not limited to the intimate relationship between American Jewry and that state, but which were felt throughout America as the result of the Judeo-Christian civilization which is America's heritage. Throughout the United States, there was also widespread admiration for Israeli energy in tackling the many difficult problems of survival and state-building. Posing the question: "What is our policy for Israel and the rest of the Near East?" the Secretary defined it as centered primarily in the achievement of area peace, particularly peace between Israel and the Arab states. Peace would greatly improve Israel's internal economic situation and reduce its need to divert manpower to military channels and improve its trade. How is peace to be obtained? Certainly not by supporting Israel whether she was right or wrong. There was conviction in the Arab states that America had supported Israel without qualification for some time and, as a result of this conviction, American influence in the Arab states had sharply declined. The Secretary recalled that he had spoken in May to Prime Minister Ben Gurion in this vein. [2] The Prime Minister, in statesmanlike fashion, had responded that it was greatly to Israel's interest that the United States so conduct its affairs in the Near East as to regain its influence among the Arabs. The Secretary could readily understand that Israelis shared the sentiment of an early American patriot [Stephen Decatur], [3] who said: "Our country! In her intercourse with foreign nations, may she always be in the right; but my country, right or wrong". The United States Government, however, had to form its own judgment as to Israel's conduct and, if it was to gain and hold the influence which it requires to promote peace in the area, it must adopt an attitude of reserve toward such Israeli conduct as does not conform to the best international standards. Specifically, the United States Government feels that Israel has been over-aggressive, over-insistent on what it wants and too eager to achieve immediate goals without regard to the impression which it makes on world opinion. The Secretary wished to suggest to Israel that the kind of policy the Unted States Government is pursuing today will also serve the best interest of Israel, as well as the entire area. The Secretary could not set himself up as a judge of Israel. However, United States policy had to be guided by some set of judgments. The fact that it had reached a certain judgment might suggest to Israel that she is over-aggressive and that a more temperate mood on her part would encourage greater moderation in the rest of the Near East and would assist the United States in this policy.

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[2] See the memorandum of conversation, Document 13.

[3] Brackets in the source text.

The Secretary pointed to a talking paper [4] before him and remarked that he had a long list of complaints and incidents to which the Israel Government would, no doubt, in each instance offer what it genuinely considered to be an adequate justification. However, he would not review these at this time. He would simply ask the Israel Government to believe that the United States entertained the friendliest feelings for it but had arrived at the conclusion that what apparently was the inevitable impetuosity of a nation bursting into existence after thousands of years, had generated a momentum which had now carried it too far. However essential such momentum may have been to Israel's creation, the future of Israel depended heavily on the impression its conduct would make on the international community. The current impression, he reiterated, was that of over-aggressiveness. This summarized what he had in mind.

Ambassador Eban expressed gratitude for the sympathetic viewpoint expressed by the Secretary and his relief to learn that nothing of a fundamental character divided Israel and the United States. He had found a deep and widespread sympathy for Israel throughout the United States; a sympathy not limited to American Jewry. If recently he had expressed in a speech in Canada his disquiet regarding American-Israel relations, it was over the impression gaining ground in the United States that friendship between Israel and this country was lessening and that America was turning away from Israel toward the Arabs. Israel did not regard United States friendship with the Arabs as inconsistent with friendship to herself; she heartily approved of economic aid programs to the Arab countries. The Arabs felt otherwise and considered any American friendship for Israel as showing lack of friendship for themselves. Israel hoped that the United States would not go along with this concept. With reference to the Secretary's cited conversation with Ben Gurion, the Ambassador recalled that Ben Gurion had also mentioned to the Secretary that he hoped the United States would not seek Arab friendship through disassociation with Israel or by encouraging the extreme Arab demands on Israel which the United States Government must know could not be carried out and which the American people themselves would not support. Israel hoped the United States Government would make it clear to the Arabs that its friendship for Israel was indestructible. The Ambassador added that Israel was prepared to make some boundary adjustments in a peace settlement with its neighbors although it envisaged no radical changes from the armistice lines which had now constituted the framework of the state for five years. He referred to the recent Syria-Israel border talks and earlier boundary discussions which had come close to success but were always defeated by political unwillingness in the respective Arab capitals to sign anything in the nature of an agreement with Israel. He mentioned Israel's willingness to offer port facilities at Haifa to Jordan so that it would serve the commerce of both countries, as well as Israel's willingness to facilitate communications between Arab states across Israel territory. Israel had been seeking means of satisfying the concern of world religious interests in Jerusalem. As regards refugees, he would like to point out that refugees still remained refugees in the Arab countries but not in Israel. Israel was also ready to pay compensation and was studying this problem. However, would the Arabs agree to accept it?

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[4] The talking paper, not printed, was sent to the Secretary by Byroade on Oct. 7. (611.84A/10-753)

Shifting to a new topic, Ambassador Eban referred to the list of incidents and criticisms of Israel to which the Secretary had made reference and stated that the United States Government has really but one criticism and that is of Israel's security policy. It was very difficult, he said, for any country—especially the United States with its lack of experience of invasion and with its long undefended borders—to understand the immediate and acute sense of insecurity of a country where but a few miles separated homes from enemy guns. Israel's losses in her war of 1948 had been severe and were remembered with emotion. They were comparable in Israel to what 600,000 American losses in Korea would have meant here. The Ambassador had noted how much the actual losses of America in Korea had moved the American people. Unfortunately, the Arabs did not simply have a policy of no peace with Israel, they were exerting pressure on every frontier. World opinion, therefore, was not the only consideration in the eyes of those whose responsibility it was to defend Israel's homes. The Ambassador noted that he had informed the Department of State some time ago that Jordan had been found guilty of 150 violations of the border of Israel from July 1952 to July 1953. During the same period Israel had been found guilty of thirty violations. The Israel Government had asked the Department to take this matter up energetically with Jordan but the Department had declined. The Ambassador felt that the ratio of violations had not changed since.

Turning to Egypt the Ambassador mentioned that the Israel Government had made representations in London with respect to the current Anglo-Egyptian talks. The Israel Government hoped that these talks would succeed, but it had two interests in their outcome: (1) it feared that Egypt might inherit a huge base complex which would dangerously shift the balance of power; and (2) it wished to see preserved in any new Anglo-Egyptian agreement the principles of free transit of the Suez Canal which had been internationally accepted. As he understood that the United States was likely to be consulted regarding any Anglo-Egyptian agreement, the Ambassador was bringing these points to the Secretary's attention.

The Secretary thanked the Ambassador. He wished to emphasize that there had not been the slightest change in the feeling of the American Government toward Israel; however, this Administration felt that it could be more effective for peace in the area. The Secretary's policy would be to clean up obstacles which impeded the achievement of peace and he would be greatly disappointed if he did not make considerable progress in that direction in the next year or two. He asked the Ambassador to ask the Israel Government to be tolerant of American policies designed to reach this end since in the long run they would serve Israel's interests, even though at times they were not altogether agreeable. The Ambassador interjected at this point that what he feared most was that the American public and the Israel public were not being made to feel that relations were as close as formerly. The Secretary continued that it would be necessary for the United States Government to generate a desire for peace among the Arabs. Ambassador Eban again interjected that tactically it seemed best at times for Israel not to constantly entreat the Arabs for peace. The Secretary agreed and Mr. Byroade remarked that the United States could be more effective than Israel in speaking to Arab nations on steps to relax tension. Ambassador Eban responded that Israel felt the United States Government could be most effective by urging the two parties to discuss peace with each other, leaving specifics to the negotiators. The Secretary disagreed and stated that such a line by the United States could not be taken at this time. He closed the interview by urging Israel to abide by General Bennike's decision on the Jordan diversion matter and thereby to remove itself from the awkward positon of being in contempt of a United Nations body.

No. 684

120.280/10-1153: Telegram

The Acting Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET WASHINGTON, October 11, 1953—2:26 p. m.
PRIORITY

1928. Eric Johnston, Chairman Advisory Board for International Development has been appointed Personal Representative of President with rank Ambassador to undertake mission to London, Paris and Near East, looking to settlement of some of the outstanding issues in Palestine.

Administrative instructions and composition party subject separate cable.

Johnston's instructions include two following tasks:

1. Secure agreement Lebanon, Syria, Jordan, Israel to division and use waters Jordan River basin;
2. Secure agreement Jordan, Israel on plans for internationalization Jerusalem if subsequently decided by Department this should be discussed.

With regard to (1), Johnston is to attempt obtain acceptance to maximum extent feasible of TVA plan, bearing in mind importance of facilitating maximum refugee settlement in shortest possible time, and U.S. wish to assist economic development in region.

With regard to Jerusalem, no action proposed until indications received from Vatican that proposals for functional as opposed to territorial internationalization would receive widespread support in GA.

Johnston's instructions enable him make clear in NE that future level of economic and military aid, including UNRWA contributions, may be partially contingent upon attitudes adopted toward his mission. He is also authorized to bargain in Syria, Lebanon, Jordan, and Israel with funds presently legislated for aid programs. He is accorded freedom use tactics he judges efficacious.

Hammarskjold is considering tactics use in making TVA study public and we believe he proposes discuss U.K., U.S., French Delegations near future, to determine extent proposals will be supported.

For London: UK Mission to UN aware of our intentions. They advise UK ready support on technical level, but that implications of proposals, particularly territorial adjustments involving relinquishment by Israel of exclusive control outlet Tiberias, so farreaching Cabinet decision may be required. Johnston plans visit London October 16 and 17 to discuss subject with Ambassador and British. UK Embassy has sent engineering data FonOff. Separate cable enroute.

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[1] Sent also to Paris priority as 1367, to Rome as 1254, to Tel Aviv as 283, to Beirut as 430, to Damascus as 127, to Cairo priority as 408, to New York as 156, and to Amman as 159; sent by pouch to Jidda and Baghdad.

For Paris: Johnston due TWA October 15 and arrangements made provide him military plane for his sole use thereafter. Wishes arrange call Bidault with Ambassador to secure French support. French Embassy here not yet fully advised though aware general nature and implications TVA proposals. Are advising French Del UN Oct 11th through Ingrand.

For Cairo: Johnston considering following visits London, Paris, calling on Naguib to endeavor persuade GOE at least remain neutral on proposals he will advance to countries concerned. Following one day Cairo he would visit Amman. Johnston suggests his visit would not have adverse effect during crucial phase Anglo-Egyptian negotiations, but rather would be helpful reassurance US interest cooperation with Egypt. Your views requested urgently whether wise Johnston visit Cairo or whether in view possible misunderstandings purpose visit best omit Cairo at present. Johnston's arrival time NE contingent Cairo reply.

For Beirut, Damascus, Amman: Wish Bergus be available for Johnston on his arrival Beirut or Amman. Suggest Lynch and Moose confer prior arrival Johnston as Moose fully aware nature mission and can answer many questions of concern Amman.

For Tel Aviv: Johnston aware necessity advise Israelis of proposals at early date and will arrange accordingly though clear he must first visit Arab side.

For All Missions: This very difficult mission has full backing President. US must use all its influence bring about quick and economic development of the Jordan River for irrigation.

LOURIE

No. 685

120.280/10-1153

The Acting Secretary of State to the Embassy in the United Kingdom [1]

TOP SECRET
PRIORITY

WASHINGTON, October 11, 1953—2:26 p. m.

1929. For Aldrich. Eric Johnston, Chairman International Development Advisory Board, has been appointed by the President as his Special Representative with rank of Ambassador to proceed on a mission designed to remove some of the causes of tension between Israel and her Arab neighbors, particularly Jordan and Syria, paying special attention to adjustments needed to reduce the refugee problem in Jordan. He will take as a point of departure the TVA study made on behalf of the UNRWA, which is now in the hands of the United Nations and which is a competent engineering study of the water problems of the Jordan Valley system.

The problem is of particular urgency now because the TVA study has just been completed and must be made public soon, while the General Assembly is in session, with all the political questions that naturally will arise. In addition, Israel's unilateral action in commencing diversion of water in the Demilitarized Zone below Lake Huleh has increased tensions in the area. The ever present need for resettling the refugees as soon as possible gives added urgency to the mission.

It is obvious that the engineering findings of a unified water resources plan cannot be carried out without political agreement on the part of the riparian states. Particularly this would involve a number of concessions by Israel to permit relinquishment of exclusive territorial control over the outlets to Lake Tiberias (the natural storage reservoir for the Yarmuk), since the maximum opportunity for settlement of Arab refugees by Jordan appears to lie in the East and West Ghor of the lower Jordan Valley.

It is our intention that the principal beneficiaries will be the refugees, although Jordan, Syria and Lebanon would also benefit. Israel will be called upon to make certain sacrifices, but we feel that Israel has responsibilities to the refugees which she herself apparently has never faced, and believes that some concessions on Israel's part are necessary before the Arabs can be induced on their part to take important measures toward refugee resettlement.

We expect to take the line with Israel that the proposals stand on their own as just and that after the long support and assistance given to her by this Government we hope we can expect cooperation and a measure of enlightened self sacrifice in the interests of effecting some reduction of area tensions.

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[1] Repeated to New York.

This project has been discussed with U.K. Mission to the U.N. and British Ambassador will now be filled in on details. In view time element involved request you acquaint Eden with general line of thought contained this message and accompanying Deptel 1928.[2] Johnston will visit London enroute Near East October 16 and 17 to discuss matter with you and British. We may also wish him discuss with British status our thinking Jerusalem at that time which may have bearing on water distribution plan.

Please inform Eden we confident U.S. and U.K. governments will be in accord this project after these direct discussions in London and our hope agreement can be reached where purposes of Johnston's mission will have full support H.M.G.

LOURIE

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[2] *Supra.*

No. 686

120.280/10-1353

The Secretary of State to the Chairman of the Advisory Board for International Development (Johnston)

TOP SECRET WASHINGTON, October 13, 1953.

MY DEAR MR. JOHNSTON: With reference to the President's letter of October 7, 1953[1] appointing you his Personal Representative with the personal rank of Ambassador, I am setting forth below the objectives and broad terms of reference of your mission.

You are entrusted with a twofold task:

1. To secure agreement of the states of Lebanon, Syria, Jordan and Israel to the division and use of the waters of the Jordan River Basin;

2. To secure agreement from Jordan and Israel on plans that may be prepared for the internationalization of Jerusalem, if it is

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[1] President Eisenhower's letter to Eric Johnston of Oct. 7 reads as follows:

"It gives me pleasure to appoint you as my Personal Representative with the personal rank of Ambassador for the purpose of undertaking a mission to resolve certain problems affecting the Near East. I have asked the Secetary of State to provide you with the necessary terms of reference.

"I assure you of my personal interest in the tasks you are about to undertake and of my appreciation of your willingness to accept this difficult and delicate assignment which, in my opinion, is of primary importance to the United States." (Eisenhower Library, White House central files, Confidential file) subsequently decided by the Department that this subject should be discussed.

With respect to your first task, you should endeavor to obtain acceptance, to the maximum extent feasible, of the report entitled "The Unified Development of the Water Resources of the Jordan Valley Region," prepared at the request of the United Nations Relief and Works Agency for Palestine Refugees under the direction of the Tennessee Valley Authority. This report establishes a broad plan for the effective and efficient use of the water resources of the Jordan Valley without considering political factors or attempting to set the system proposed into the national boundaries now prevailing. The Department has full confidence in the engineering conclusions reached in this study.

In making such adjustments as may prove necessary or desirable, you should bear in mind the importance of facilitating the settlement through the United Nations Relief and Works Agency for Palestine Refugees of a maximum number of refugees in the shortest possible time and also the wish of the United States to assist in the economic development of Israel and the Arab states.

The settlement reached should fall within the following framework:

1. The division of the water of the Jordan River Basin between Israel, Jordan and Syria should conform as closely as possible to the recommendations of the TVA report. As a minimum Jordan should receive a substantially greater volume than she would obtain from the unilateral development of the Yarmuk alone. Israel should renounce all rights to divert for irrigation more than a specified volume of water from the Jordan River and its tributaries.
2. Armistice line adjustments should be effected so that physical control over the main reservoir (Lake Tiberias), the outlets from Lake Tiberias, and the diversion canal from the Yarmuk is not exercised exclusively by Israel. This will probably require Israel to relinquish control of all or of a substanial part of the area bounded by the Jordan River, the Yarmuk River, Lake Tiberias and the proposed Yarmuk diversion canal.
3. The present demilitarized zones in the Jordan Valley should be eliminated.
4. The problem of development of the Litani River should not be considered in the present context. If raised by Israel, you should state that it is not linked to the plan. If absolutely necessary, you may add that in appropriate circumstances the United States would be willing to explore in the future with Lebanon the possibilities of developing the Litani for the benefit of the area as a whole.
5. If you consider this useful, you may state that the United States is prepared to propose the establishment of a United Nations Water Commission or Commissioner to assure that the waters

are distributed in accordance with the technical agreements reached.

Within the above terms of reference you are accorded full latitude to advocate variations in the TVA plan, in order to obtain acceptance by the states concerned.

With regard to Jerusalem, you should be guided in general by the paper entitled "Status of Jerusalem and the Holy Places,"[2] which has been made available to you. The objective of the United States is to obtain the agreement of Israel and Jordan to a plan for the functional internationalization of Jerusalem which will also prove acceptable to the Catholic countries, and command the necessary majority in the General Assembly. Within this concept you are accorded full authority to support any reasonable variations in a plan which the Department would furnish you if this issue becomes the subject of negotiations. You should not suggest changes in the present armistice lines since this is not an essential of the plan, and is likely to invite endless complications. If desired by both Israel and Jordan, the United States would welcome rectifications, such as the elimination of the Mount Scopus enclave, which would contribute to stability and reduction of friction.

The timing of discussions of Jerusalem must be carefully coordinated with current efforts to ascertain the positions that interested countries may adopt in the General Assembly. It will probably be desirable to limit any discussions on this subject, in the Near East, to Jordan and Israel, unless the matter is raised by another state.

In the execution of your mission you will receive the full backing of this Government. You are specifically authorized to make clear to the states concerned that the future level of United States economic aid, contributions to the United Nations Relief and Works Agency for Palestine Refugees, and military assistance, is contingent upon the attitudes they adopt towards your mission. The United States will consider the positions taken by the different states as indicative of their intentions toward liquidation of the refugee problem and toward practical steps, as distinct from theoretical expressions of intent, to achieve a peaceful adjustment of the Near East situation. You may assert that the Executive Branch would feel obliged to report in future hearings before the Congress the progress of your mission, and that any modification of special economic aid, United Nations Relief and Works Agency for Palestine Refugees contribution, and military assistance plans of the United States Government, will undoubtedly be affected by the cooperation received in this instance. In any discussions which relate to the problem of assistance beyond FY 1954, you will of course bear in mind the annual appropriation nature of the Mutual Security Program, and will make it clear to foreign government officials that any plans for future aid are contingent on Congressional action. At the time of your mission, negotiations will be in progress with states in the area regarding current economic assistance from fiscal 1954 funds. This fact should assist you materially.

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[2] Not further identified.

It is doubtful whether the proposal will attract the Syrians if approached as an economic problem alone, and, unless Syria is assured of United States cooperation in the military as well as the economic field, your negotiations in Syria might be without result. While we are not able at this time to offer military assistance to Syria in terms of a concrete figure, a request from the Syrians for military assistance is one which lies within our present legislative authority to meet. If a reasonable program of military assistance to Syria is required to make your negotiations successful, we have no doubt that the funds will be found to carry it out, although these funds will be very limited for an initial program. Military assistance to Syria would be conditional on Syrian assurances that the arms would be used to meet the prime objectives of the U.S. Government—to improve internal stability and to provide for ultimate defense against aggression—and not used to wage aggressive warfare against Syria's neighbors.

The issue of compensation to the Arab refugees is likely to complicate your task, but discussion of this subject may prove unavoidable. If the matter is raised, your are authorized to state that the United States has encouraged Israel's acceptance of the principle of compensation, and that the United States advocates action to pay compensation as soon as a method of payment can be determined which will not seriously dislocate the economies of the states concerned. You may add that the United States is prepared to consider financial measures to help meet the burden of compensation. The funds of the United Nations Relief and Works Agency for Palestine Refugees spent on development projects can partly meet the need for compensation.

You are accorded complete freedom in adopting the tactics and procedures which you judge most efficacious. I assume, however, that you will wish to avail yourself of the knowledge and area experience of our representatives in Washington and in the field. I am asking the Assistant Secretaries for the Bureau of Near Eastern, South Asian, and African Affairs and of the Bureau of United Nations Affairs to cooperate with you in working out the details of the maximum and minimum United States positions on the various issues and to provide you any further assistance and advice which you may require. I am requesting the President to address letters to the heads of states which you will visit advising them of your assignment and I have instructed our missions in the field to cooperate fully with you.

You should keep the Department informed, through the facilities of our Embassies and Consulates, of the progress of your work. All suggestions which you may forward with respect to support for your mission will receive immediate attention and every effort will be made to comply. Close liaison with the Department is especially necessary since the General Assembly is now in session and issues affecting Israel-Arab relations will be debated.

I have asked the Assistant Secretary for Near Eastern, South Asian, and African Affairs to facilitate administrative arrangements, and to provide any staff assistance you may require. A plane will be put at your disposal.

In conclusion, and I wish to assure you of my deep personal interest in the two problems of refugees and Jerusalem, which you are endeavoring to solve. I appreciate the public-spirited manner in which you have undertaken this difficult and delicate assignment, and I wish you all success.

Sincerely yours,

JOHN FOSTER DULLES

[Annex]

MAJOR POINTS OF NEGOTIATION

With Israel:

1. An agreement with the Arabs on water division and acceptance by the Arabs of the principle of refugee resettlement will have broad, long-term effects on Israel's relations with her neighbors, and will constitute achievement by Israel of major political desiderata.

2. Israel must bear a portion of the burden for settlement of the Arab refugees; in this case by sharing available water and by minor territorial adjustments. The most practical, quickest plan for permanent settlement of a large number is that suggested. This will greatly reduce the harassment caused by infiltration of refugees from temporary camps along Israel's borders.

3. Israel has a responsibility to permit the repatriation of a substantial number of Arab refugees, either directly into her territory or indirectly by transferring to her Arab neighbors certain areas which could be used for refugee resettlement. (The latter alternative would be morally and economically the equivalent of repatriation.) Acceptance of Arab refugees by Israel would permit the uti-

lization of UNRWA funds in her territory for development purposes.

4. Israel will obtain immediate, important development assistance in the form of irrigation works financed from United States aid funds. She will have available water in appreciable quantities free from Arab obstructionist tactics. In the long run she could not expect to divert to her own use all the waters of the Jordan and Yarmuk Rivers to which she has physical access.

With the Arabs:

1. The proposals will provide for the settlement of a larger number of refugees in a shorter time than any alternative. The Arabs cannot escape responsibility to their fellow Arabs by failing to cooperate fully in projects designed to resettle refugees.

2. The development work will materially assist the indigenous population, and will permanently strengthen Jordan and Syria.

3. The Arabs will obtain water which, in the absence of an agreement, Israel may preempt.

4. The rectification of the Armistice lines and elimination of the demilitarized zones contemplated will reduce friction, assure the Arabs of access to and use of more water for irrigation than they can otherwise expect, and give them access to Lake Tiberias.

5. In addition to agricultural assistance, Syria and Jordan will obtain electric power developed from the Yarmuk waters.

No. 687

684A.85322/10-1353: Telegram

The Chargé in Jordan (Seelye) to the Department of State [1]

TOP SECRET PRIORITY AMMAN, October 13, 1953—5 p. m.

157. This Jordan's mood on eve of Johnston mission to Near East as it affects mission's primary task in area (Deptel 159): [2]

1. Jordan is disillusioned by seeming US failure to redress US policy imbalance with respect Israel and Arab States 5 months after dramatic visit of Secretary State to area had inspired such high hopes for a bold and impartial US policy. Arrival of second major US mission to area in wake of disillusionment risks serious repercussions adversely affecting US interests if it becomes clear that mission, rather than recouping US losses in area accentuated by non-fulfillment of hopes, offers little better than collaboration

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[1] Repeated to Damascus, Beirut, Tel Aviv, London, Cairo, Paris, and Baghdad.

[2] Printed as telegram 1928 to London, Document 684.

with Israel on Jordan–Yarmuk waters, whatever the economic benefits.

2. Jordan, long less xenophobic than its fellow Arab States, shows increasing signs of anti-Americanism. This is proportionate to extent Jordan attributes pro-Israelism to US moves in Near East. Task of Johnston mission is rendered less susceptible of achievement by fact it comes on heels of Israeli diversionary action at Baanat Yaacov (Embtel 152).[3] Mission will be hard put to convince Jordan Government and harder put to convince Jordan molders of public opinion that timing of proposal not further evidence of US subservience to Israel. If mission unable to disabuse Jordan of this belief, and if proposal is made public, there is risk of exacerbating anti-Americanism to point of no return.

3. Jordan Government and public opinion channels are presently dominated by the Palestinian. He is bitter, emotional, and he has not forgotten. An appeal to his economic reason, without in any way attempting to satisfy his psychological (pathological, if you will) complex, risks not only failure, but may prejudice any future US efforts to solve Palestine problem *in toto*. An appeal to his sense of dramatics (e.g., espousal of his "right to return"), mixed with fair amount of justice (e.g., promise of compensation, territorial rectification of Jordan-Israeli border) has better chance of securing his recognition of economic facts of life. If mission's proposal for joint control of Yarmuk–Jordan waters cannot now be made part of larger, overall political settlement, it would be better for US interests not to broach proposal at all (Embtel 129).[3]

4. Jordan, like all Arab States, is a nation of bargainers, but Jordan is not likely to consider the barter of exclusive control of the Yarmuk waters for future economic aid a bargain. Threat of withholding US economic aid to Jordan is not expected to overcome emotional aversion to doing business with Israel (except on terms of overall political peace settlement involving major Israeli concessions), even if alternative means servere economic dislocations within country. It is peculiar, but nevertheless, fundamental quirk of the Jordanian-Palestinian to prefer hurting himself to helping his opponent. Since Jordan still believes consummation of unilateral Yarmuk–Jordan valley project is tenet of US policy in this area (Embtel 152) and since Jordan believes that it and Syria have exclusive right to Yarmuk River and that it has proportionate right to Jordan River, use of bargaining tactic suggested by Department not only has little chance of success (for reasons already mentioned),

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[3] Not printed.

but risks severe censure of US ethics with resultant diminution of already low US moral position.

To avoid risks cited in above four paragraphs, it is of utmost importance that Johnston be authorized to offer a more substantial *quid pro quo* than further economic aid, that he carefully sound out Jordanian attitudes before making any proposals, and that release of TVA study be postponed until completion Johnston mission.

SEELYE

No. 688

IO files, lot 71 D 440

Department of State Position Paper [1]

CONFIDENTIAL [WASHINGTON,] October 15, 1953.
SD/A/C.1/427/Add.1

SUPPLEMENTARY POSITION PAPER TO POSITION PAPER SD/A/C.1/427 September 5, 1953 [2]—PALESTINE REFUGEE PROGRAM

THE PROBLEM

Positions on the following questions with regard to the UNRWA item need to be formulated in the light of developments since the basic paper was prepared:

1. The level of relief expenditures for the fiscal year 1954;
2. The application of Lebanon for membership on the Advisory Committee;
3. Handling of the TVA Report.

This supplementary paper, together with the paper of September 5 should provide the position both for the United States Representative on the Advisory Commission and for the United States Delegation to the General Assembly.

UNITED STATES POSITION

1. Seek to hold relief expenditures for the fiscal period ending June 30, 1954, to 23.8 million dollars on the basis of the comments below. (This completes paragraph 2 of SD/A/C.1/427.)

2. The Advisory Commission should be increased in size to make possible the admission of Lebanon and the addition of another con-

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[1] For the instruction of the U.S. Delegation to the Eighth Regular Session of the U.N. General Assembly.

[2] Document 657.

tributing government by the Advisory Commission, subject to the considerations mentioned in the discussion below.

3. Seek support of the UK and French Delegations to join with the United States Delegation in a statement asking for full and sympathetic consideration of the TVA desk study by the states concerned.

COMMENTS

1. With regard to the level of the relief budget for fiscal year ending June 30, 1954, the Department has reviewed the proposed budget of $25.6 million submitted by the Acting Director and considers that savings of about $975 thousand can be effected without impairing the welfare of the refugees on the basis of the program recommended by the Director. Such savings would bring relief expenditures to 24.7 million dollars without taking into account the anticipated employment of refugees on projects during this period. It is possible that another $900 thousand could be deducted from the relief budget and transferred to the reintegration program as a result of such employment. It is suggested that as a matter of presentation the maximum relief budget be shown at $24.7 million less an estimated amount of $900 thousand chargeable to the reintegration budget for refugee employment on projects, bringing the net relief figure to $23.8 million. In the event that this position is not reflected in the joint report of the Director and Advisory Commission to the General Assembly the Department will reconsider its position and instruct accordingly.

2. The Lebanese Government on September 24 officially requested the Chairman of the Advisory Committee of UNRWA to support Lebanon for membership on the Advisory Commission in the General Assembly. Under the terms of Resolution 302 (IV), December 8, 1949, establishing UNRWA, provision was made for an Advisory Commission consisting of representatives of France, Turkey, UK and US to which the Commission was empowered to add three additional members from contributing governments. During the past year the Advisory Commission added Syria, Jordan and Egypt to its membership leaving no further vacancies to be filled. The admission of each of these governments was based not only upon their requests for membership but also upon general agreements concluded with UNRWA for reintegration programs within their respective countries. They had also made contributions of varying degrees in cash, kind or services.

In view of the Lebanese request for membership the General Assembly is confronted with the alternative of increasing the size of the Advisory Commission or refusing to do so and thereby excluding the only other country in the area where large numbers of refugees are located. Thus far Lebanon has concluded no agreements with UNRWA looking toward refugee settlement projects in that country. Moreover, its contributions in cash, kind and services have been extremely small. A further consideration is that if Lebanon were admitted without the addition of another country outside of the area the balance on the Commission would be even. It would be desirable to maintain a majority of contributing governments outside the area by making room for an additional member such as Canada or Australia. It is therefore proposed that the Advisory Commission be empowered by the General Assembly to add two countries to its present membership. This will give the Advisory Commission some bargaining power with Lebanon before granting its request and strengthen the position of the major contributing governments in the General Assembly discussions. Such an increase in size will also furnish an appropriate opportunity to review the present system of full-time representation on the Advisory Commission which has involved difficulties in the relationship between the Director and representatives on the Advisory Commission. Unless the Commission meets less frequently than it has in the past, a larger Commission with continuous representation will make the Director's task more difficult than ever. In the discussion on the question of increasing the size of the Commission the Delegation may, in its discretion, indicate the desirability of holding meetings of the Advisory Commission not more than once every three months.

3. It is anticipated that the TVA desk study which is to be released to the Advisory Commission about October 12 will arouse adverse comment by the Arab States and Israel and that it will not have a fair hearing unless its importance is underscored by the Secretary General of the United Nations and by the three major contributing governments represented on the Advisory Commission of UNRWA. It is hoped that the Secretary General can be persuaded to make a statement calling on the governments concerned to give full and sympathetic consideration to this report. If he does so it would be desirable for the UK, France and US Delegations to follow up immediately with a joint statement supporting the request of the Secretary General. In the event that the Secretary General does not agree to make such a statement a tripartite statement by the US, UK and France would still be called for. Such a statement could be quite brief and should follow immediately the Secretary General's statement, if made, and the issuance by the United Nations of a press release summarizing the substance of the report. It might include only the following points:

(1) Commendation of the report as an illuminating and helpful study of a very difficult problem;

(2) Indication of the interest of the major contributors in forwarding programs for the welfare of the refugees which are consonant with the welfare of all peoples dependent upon the waters of the Jordan;

(3) Appeal to the governments in the area concerned to give the report their fullest and sympathetic consideration.

No. 689

684A.85/10-1553: Telegram

The Chargé in Jordan (Seelye) to the Department of State [1]

SECRET PRIORITY AMMAN, October 15, 1953—5 p. m.

161. Pass Defense. London, Paris for Johnston. Foreign Minister called me urgently to his office at 3 p. m. with following latest details of Israeli armed attack on Jordan villages, Qibya (151-153), [2] Budros (149-152) and Shuqba (153-154) night October 14.

At 2130 hours Israeli force estimated reinforced battalions strength attacked Qibya located over mile inside Jordan, shelling village with mortar and artillery fire for between 3 and 4 hours. Demolition parties then entered village, blew up 39 houses, looted shops. Up to moment 45 Jordanian civilians (great majority of whom women and children) counted dead, 15 wounded. Quantities unused explosives found where attackers had dropped them. To prevent arrival of Arab Legion security troops from 2 neighboring villages, Israelis poured 43 mortar shells into Budros, demolishing several houses, and shelled Shuqba, located 2½ miles inside Jordan. (Embassy military attaché just returned from scene and confirms all above.)

Foreign Minister stated in strong terms he wished me convey to my government fact that HKJ views Israeli attacks with utmost gravity, that HKJ considering involving Anglo-Jordanian treaty, and that strong representations also being made to French. Foreign Minister heatedly termed attacks "acts of butchery which no government can tolerate". Although, he continued, HKJ would continue to exercise utmost restraint inasmuch as "it is Israel's intention to make Jordan retaliate", under such acts of provocation HKJ could not be expected to restrain herself for long. Then, in moment of anger, he said "if one bullet crosses border tonight we will retaliate".

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[1] Repeated to Tel Aviv, Jerusalem, Damascus, Beirut, Cairo, London, Paris, Baghdad, and Jidda.

[2] Parenthetical references are to map coordinates.

Foreign Minister asserted three Western powers must "do something drastic". Said Israeli attack may result in panic in area and government cannot continue to face Parliament and people without some measures being taken to alleviate situation (government's present shaky position obliges it adopt firmer stand than would be otherwise necessary). Said HKJ holds Israeli Defense Minister and Prime Minister directly responsible for attacks since Israeli troops maneuvering in that area with their cognizance.

Comment: Never in last year has HKJ appeared so worked up over Israeli cross-border attacks. Falama and Rantis attacks in January, outbreak Jerusalem firing in April, attacks Wadi Fukin, Surif, and Idna in August paled in comparison in terms both casualties inflicted and adverse effect on HKJ. While current Israeli attack believed in part revenge for murder two children allegedly caused by Jordan infiltrators at Tirat Yehuda night October 13, there is obviously no comparison in degree between two acts. Furthermore, HKJ's cooperation with Israelis in tracking down murderers (Embtel 160)[3] sharp contrast to Israeli massacre of 45 Jordanian villagers.

Israeli attack this magnitude could have come at no worse time: It occurs just prior to arrival important US mission to area and caps 3 other recent unprovoked unilateral Israeli moves (transfer Foreign Ministry to Jerusalem, diversion attempt upper Jordan, occupation Auja demilitarized zone). If there existed before remote hope of persuading Jordan to sit down with Israel at present time to discuss mutual water-development problems and internationalization Jerusalem, such a hope has been dashed to smithereens, at least for the foreseeable future.

SEELYE

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[3] Not printed.

No. 690

684A.85322/10-1553: Telegram

The Ambassador in France (Dillon) to the Department of State [1]

TOP SECRET PRIORITY PARIS, October 15, 1953—7 p. m.

1491. London for Johnston. I accompanied Ambassador Johnston on a visit to Bidault this afternoon. Johnston outlined the objective of his mission regarding TVA plan, and Bidault said that he was in full accord with our objectives, but that he was glad to see that Johnston was under no illusions as to the difficulties ahead of him in achieving an agreement with all concerned. Bidault also remarked that France continued to have special interests and a traditional connection with Lebanon and Syria, which had in no way been affected by any of the recent speeches by representatives of those two countries in UN.

Johnston also outlined our ideas regarding a settlement for Jerusalem, and said that he felt there was a strong possibility that it might be necessary to settle Jerusalem along general line of 1950 Swedish proposal [2] in order to obtain Israel's agreement to TVA plan. Johnston also told Bidault that we had approached the Vatican on this subject and had just heard that they had rejected our proposition and remained in favor of complete territorial internationalization of Jerusalem. Johnston then said that he hoped that Bidault would use his influence with Vatican to get them to accept something along the lines of Swedish plan which he thought was only solution that would be accepted by both Jordan and Israel.

Bidault had not been briefed on subject of Jerusalem, but he expressed full understanding of our objective and said that he would look into matter further himself, and meanwhile he would explore subject with Vatican, indicating France's interest in arriving at an agreed settlement of this difficult problem.

DILLON

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[1] Repeated priority to London, Rome, Tel Aviv, Beirut, Damascus, Jidda, Baghdad, Amman, Cairo, and New York.

[2] See footnote 1, Document 662.

No. 691

The Acting United States Representative at the United Nations (Wadsworth) to the President of the Security Council [1]

[New York, October 17, 1953.]

I have the honour on behalf of the Government of the United States, to request you to call an urgent meeting of the Security Council to consider, under "The Palestine question", the matter of the tension between Israel and the neighbouring Arab States with particular reference to recent acts of violence and to compliance with an enforcement of the General Armistice Agreements.

The United States Government believes that prompt consideration of this question by the Security Council is necessary to prevent a possible threat to the security of the area, and in this connexion considers that the Council would, in the first instance, be assisted by a report in person as soon as possible from the Chief of Staff of the Truce Supervision Organization.

James J. Wadsworth

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[1] Reprinted from U.N. doc. S/3111. Identical letters to the President of the Security Council were sent on Oct. 17 by the Representatives of France (S/3109) and the United Kingdom (S/3110). The Qibya incident was discussed by the Security Council at its 629th to 643d meetings, from Oct. 19 to Nov. 25 (U.N. docs. S/PV. 629-643). The discussions included reports by Major General Bennike and statements by the representatives of Jordan and Israel. At the 640th meeting, France, the United Kingdom, and the United States submitted a joint draft resolution which in its final revision (S/3139/Rev. 2) was adopted on Nov. 24; for the text, see Document 738.

No. 692

684A.85/10-1753: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET Cairo, October 17, 1953—3 p. m.

466. Paris for Johnston. Minister Foreign Affairs assured me this morning re recent Israeli attacks on Jordan villages excitement is rising high in Arab world. Egypt is trying "to hold back" and "not stir up trouble" and even to avoid having these incidents brought before Security Council. In other words Egypt is trying to exert a calming influence. However, Egyptian Government is very much concerned about possibility that Israeli Government has "much bigger things in mind. Recent tendencies are not good", e. g., (1)

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[1] Repeated to London, Paris, Jerusalem, Beirut, Damascus, Baghdad, Amman, Jidda, and Tel Aviv.

Jordan waters (2) Huleh swamps (3) El Auja (4) other recent attacks across the frontier including Gaza district.

He went on to say that during last Arab League Council meeting here Jordan Government emphasized fear of Israeli attacks against Jordan frontier villages. They asked for help. Only help other Arab countries gave was subsidy of half million dinars for economic subsidies to frontier villages. (In some villages inhabitants are "starving" because they cannot cultivate their ex-properties across the frontier.)

He indicated that whole Arab world is anxiously awaiting Washington reaction.

CAFFERY

No. 693

683.84A322/10-1753: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, October 17, 1953—7 p. m.

147. Athens for Johnston. Limit distribution. Due Friday Moslem holiday unable deliver President's message [2] Shishakli until 11:00 a.m. October 17 (Paris Embtel 1488, October 15, 1953). [3] Shishakli had already learned of mission from press (Deptel 134, October 15). [4] He indicated little enthusiasm for proposed visit declaring in view Johnston's pro-Zionist views (Embtel 145, October 17) [5] his ap-

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[1] Repeated to London priority, Paris priority, Athens priority, Amman, Tel Aviv, and Jerusalem.

[2] A message from President Eisenhower to President Shishikli concerning the Johnston mission to be delivered on a date specified by telegram from Johnston in advance of his arrival, was contained in telegram 133 to Damascus, Oct. 14, not printed. (120.280/10-1453) Similar messages for transmission to leaders in Jordan, Lebanon, Egypt, and Israel were contained in telegrams 165 to Amman, 443 to Beirut, 422 to Cairo, and 294 to Tel Aviv, all dated Oct. 14. (120.280/10-1453)

[3] Telegram 1488 from Paris, Oct. 5, concerned the delivery of messages from President Eisenhower. (120.280/10-1553)

[4] Not printed.

[5] Telegram 145 from Damascus, Oct. 17, reported in part that a government radio official in Damascus was temporarily withholding the general release of a United Press story to the effect that Eric Johnston was a "pro-Zionist" and calling attention to his membership in the American Christian Palestine Committee. The story also reportedly contained the reaction of some Arab delegation leaders to the effect that Johnston was a "well-known pro-Zionist." The Embassy felt that if the story were not countered, public opinion might be prejudiced against the Johnston mission, thereby creating an obstacle to unbiased consideration of his proposal by the Syrian Government. (120.280/10-1753)

The Department responded on Oct. 17 in part as follows:

Continued

pointment this mission augurs poorly for modification of US policy in sense more favorable to Arabs. I demurred stating I had no knowledge any acts or statements President's envoy indicative such orientation. Shishakli replied would be happy hear and consider Johnston's proposals when latter arrived.

President then repeatedly warned against continuing Israel work Jordan diversion project, emphasizing throughout that US aid to Israel had made project possible and that US therefore has special responsibility in matter. He feared Syrian peasants who face loss of water essential to their lives and livelihoods would not await results UNSC consideration and that incident similar to that of Tel-al-Mutilah might occur. [6]

It clear from foregoing that settlement Banat Yaacov affair of paramount concern Shishakli and Johnston mission would have better reception here if it can be disclosed prior his arrival that USG taking positive action secure stoppage Israeli works.

To improve chances Johnston's success Department may wish authorize me inform Shishakli of measures already taken by USG (Deptel 110 September 25) [7] to discourage further work on Israeli diversion scheme. [8]

Moose

"Johnston's office confirms he is one of nine vice chairman [*sic*] American Christian Palestine Committee. Joined *pro forma* some years ago in response request ACPC but never active. Not member any other organization known to be pro-Zionist nor ever active in support Zionist activities. Johnston is member and officer many organizations in U.S. His stature and nation-wide connections make it impossible consider him as front for any group Zionist or other."

Citing examples of Johnston's objectivity, the Department stated that it would be desirable to emphasize where necessary that the Executive Branch of the U.S. Government "has full confidence in Johnston's integrity, impartiality, and competence and has pressed this important mission upon him as patriotic duty." (Telegram 140 to Damascus, Oct. 17, 10:18 p. m.; 120.280/10–1753)

Johnston, from Paris, authorized the use of the following statement by himself: "In taking an assignment from the President of the United States I accepted the responsibility of carrying it out with absolute objectivity and impartiality. This I intend to do to the best of my ability." (Telegram 1519 from Paris, Oct. 18, 3 p. m.; 120.280/10–1853)

[6] On Oct. 19, Ambassador Moose reminded the Department as follows:

"Re Shishakli, fear incident similar Tel Al-Mutilah may arise out of Banaat Yacub affair, Department will recall in Huleh dispute (April–May, 1951) Syrian Army went to aid local Arabs during bloodiest battle entire Palestine conflict. President no doubt intended point out danger Syrian troops may become involved in present incident though he at no time said the Syrian Army would take the initiative." (Telegram 149 from Damascus, Oct. 19, 3 p. m.; 683.84A322/10–1953)

[7] Not printed.

[8] On Oct. 19 the Department approved the suggestion contained in this paragraph, adding that it hoped in addition its press statement of Oct. 18 on the Qibya incident (Document 695) and the U.S. action to take the matter to the Security Council would also help. (Telegram 144 to Damascus, Oct. 19, 7:16 p. m.; 638.84A322/10–1753)

No. 694

684A.85/10-1753: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET NIACT TEL AVIV, October 17, 1953—10 p. m.

472. At request Foreign Minister Sharett, met with him at his residence Tel Aviv this afternoon. Referring to Israel–Jordan border situation, he stated following:

Did not wish say word in justification anything which had happened. Wished repeat, however, that the latest incident treated in isolation would distort picture. Latest events must be understood against recent rising tide border lawlessness including thefts, firing at transport, and such incidents as that at Yehud. This situation intolerable, he said. Israel hoped for sign Jordan agreed situation was intolerable and would agree meet with Israel leaders on highest level in order find means reduce border tension.

Of late, Foreign Minister stated, Israel has "met with imputations of very serious design". Had just received report of conversation between Byroade and Nahum Goldmann, according to which Byroade said that underlying rationalization of all that has happened in last few months is "grim design on part of Israel to unleash furies in region by provoking war". Foreign Minister stated he hoped that report was inaccurate since there could be "no more fantastic misreading". [2]

Said it was true Israel does not accept state of economic stagnation and will make use of its sovereignty to explore all possible schemes of development. Has been true Israel not willing cease pursue this course just because part of project is in demilitarized zone. To cease for this reason will not only guarantee stagnation of zone, but prevent other kinds development. To conclude from this, however, that Israel is deliberately bent on "producing first-rate catastrophe in Middle East is too fantastic for words". Foreign Minister said he wished "completely disabuse Assistant Secretary Byroade's honest and clean mind of such pollution which can only affect the attitude of trust and sincerity in Israel–United States relations".

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[1] Repeated to London, Amman, and Paris; sent by pouch to the Arab capitals.

[2] In telegram 309 to Tel Aviv, Oct. 19, 7:16 p. m., Byroade advised Russell as follows:

"Statement attributed by Nahum Goldmann to me, urtel 472, was made with introduction 'I cannot believe it could be true, but sometimes I am forced to wonder if underlying rationalization of all that has happened in last few months is grim design on part of Israel to unleash furies in region by provoking war.' Think you handled conversation great skill in spite of propaganda thrown your way about state of my mind." (684A.85/10-1753)

He argued that coincidence of many developments may have produced most unfortunate situation in area, but claimed that United States policy, specifically in its effort to make up to Arab world and show that Israel will not get what it wants, was factor in this development. As illustration, contrasted United States reaction in three different situations as follows:

1. Despite Egyptian defiance of Security Council resolution on Suez, United States has not taken position that American aid to Egypt contingent upon its compliance with the United Nations resolution.
2. In Trieste dispute when Yugoslavia assumed threatening attitude and there were rumors United States would withhold economic aid, United States immediately denied it.
3. In case of Israel's questioning Bennike's right order cessation of work until agreement reached with Syria, United States stopped economic aid and there are reports that Syria informed of that fact.

Foreign Minister stressed view that United States policy as illustrated in above examples "encourages Arab appetites and makes it doubly unnecessary for them to come to agreement with Israel".

In answer to my query as to whether in his opening remarks about not wishing justify anything that had happened he had meant that Israel disavows the Qibya raid, Foreign Minister replied that he could not say before tomorrow's Cabinet meeting that Israel disavowed incident, that what he meant to say was that "it was tragic that things had come to such a pass".

With regard to reported Byroade–Goldmann conversation I replied that I had no information concerning it, but I had never heard of Byroade saying the things Foreign Minister attributed to him. I knew, however, that both Byroade and Secretary felt that since their visit here there had been series of events which have made it more difficult to carry out United States objective of helping reduce tensions in area. I said Secretary's trip indicated that Middle East problems had high priority on his agenda. Fact that Johnston coming into area further confirmed not only United States interest, but fact States has been giving serious study to problems. Against this background such events as sudden move of Foreign Ministry to Jerusalem, refusal comply with Bennike's request and Qibya raid were source of grave concern. Rather than putting Arabs in receptive frame of mind, they have had effect of convincing them Israel attempting make unilateral policy in area by series of *faits accompli*. I recalled to Foreign Minister that in

August (Embassy telegram 249)[3] I had raised question of whether it was Israel's intention to continue pursue reprisals as instrument of national policy; that first reply from Israeli Government had been Qibya reprisal attack last Wednesday.[4] I added that policy of deliberate reprisals involving killing of innocent persons inevitably created revulsion among American people, was violation of every moral standard.

All of these things taken together, I suggested, raised serious question whether Israel's policies are calculated to bring about reduction in area tension. This I said was probably what Byroade had pointed out.

With regard to question of withholding economic aid, I said that release immediately after Israel had rejected United Nations recommendation would have given a most unfortunate impression of endorsing Israeli Government's position.

Foreign Minister interjected that decision on aid had effect of making it much more difficult influence behavior of Arab countries, who were encouraged by it to intensify their activities against Israel.

Gideon Raphael, who was present at meeting, commented that while United States has excellent record with regard compliance United Nations resolutions, its record with regard to noncompliance of member states was not uniform. He cited as examples: (1) Suez resolution; (2) what he described as Syngman Rhee's defiance of will of the United Nations; and (3) the partition resolution. Re latter, said United States had waivered under threat of violence as result of which Arabs launched hostilities in area. Present situation, he said, was similar. At same time, present United States policy has dangerous effects on Israeli population, whose feeling of isolation and lack of friendship tends to lead to despair. Foreign Minister underscored latter stating Israel forsaken by its friends creates "a disastrous mentality".

I pointed out that United States policies, which it was implied were creating feeling of isolation among Israelis, emerged only after Israeli actions I had mentioned. I stressed that the friendship of both the people, and the Government of the United States was as strong as it ever was subject only to questions that have been raised by these actions.

Raphael mentioned that Israel had conclusive reports of Arab Legion troop movements last few days in Irbid and in Jericho regions, I replied that this bears out that such actions as Qibya raid inevitably serve only to heighten tension.

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[3] Dated Aug. 24, not printed, but see footnote 4, Document 650.

[4] Oct. 14.

RUSSELL

No. 695

S/PRS files, lot 77 D 9

Department of State Press Release [1]

No. 572 WASHINGTON, October 18, 1953.

The United States Government has the deepest sympathy for the families of those who lost their lives in and near Qibya during the recent attack by Israeli forces. The shocking reports which have reached the Department of State of the loss of lives and property involved in this incident convince us that those who are responsible should be brought to account and that effective measures should be taken to prevent such incidents in the future.

The United States Government has been increasingly concerned at the mounting tension along the frontier between Israel and the neighboring Arab states. It is for this reason that it initiated the recommendation and subsequently, in concert with the British and French Governments, decided to request the Security Council to consider, at the earliest possible date, the situation on the frontiers, to include a direct report by General Vagn Bennike, Chief of Staff of the United Nations Truce Supervision Organization.

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[1] The Department transmitted the text of this statment on the Qibya incident in priority telegram 2096 to London, Oct. 18, 4:56 p. m., sent also priority to Paris, Amman, Beirut, Damascus, Cairo, Tel Aviv, Jerusalem, and Baghdad. The record copy of the telegram indicates that the text of the release was cleared with Under Secretary Smith. (684A.85/10-1853)

No. 696

120.230/10-1853: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET PRIORITY AMMAN, October 18, 1953—2 p. m.

172. Department pass USUN priority. Paris for Johnston. I called on Prime Minister this morning to deliver advance copy Presi-

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[1] Repeated to Paris, London, Baghdad, Beirut, Jerusalem, Damascus, Tel Aviv, Cairo, and Jidda.

dent's message regarding visit Eric Johnston. [2] I first expressed my deep sense of shock at outrage at Qibya village and my sympathy for government and people of Jordan at this time. I then told Prime Minister that I had not heard officially from my government as to steps which were to be taken but that I understood from radio news that tripartite powers were presenting case to UN Security Council. Prime Minister then showed me sheaf of telegrams which he said came to him from all over Jordan and rest of Arab world, practically all of which, he said, begged him not to protest to tripartite powers from whom in the future, as in the past, no hope could be expected. They demanded positive action.

I told the Prime Minister I felt reprisals would be most unfortunate and would place Jordan in same light as Israel. He replied that he did not wish to take reprisals, providing something was done to stop Jewish acts of aggression. He then enumerated long list of organized Israeli attacks on Jordan villages and pointed out that protests to Israel by US and others in past has been completely ineffective. He said no Jordan Government could remain in power if no action was taken. If the three powers or Security Council are not prepared to do it, the Jordan Government must. He suggested that at least aid to Israel should be stopped.

Prime Minister then said that he was aware that the US was anxious for peace and stability in Near East. He reminded me of hopes which had been aroused by visits first of Secretary and Mr. Stassen and subsequently of Eric Johnston and several Congressional Committees. Nothing had come of them to date. I then presented him with President's message and said I had great hope for something concrete emerging as result of Mr. Johnston's coming visit. He read President's message with interest and said that his first reaction was that Jordan Government had always cooperated with American Government and its representatives, but, added again "up to now nothing has come of it". It would be far better, he said, for Mr. Johnston's visit to take place in the wake of some concrete evidence that US was prepared to take action against Israeli aggressions. If he comes now, he said, "all he can expect is abuse" He later tempered this remark by saying that the Jordan Government would welcome Mr. Johnston at any time but indicated visit would have little chance of success unless it followed some positive action by US to show its disapproval of Israeli behaviour. He reiterated that protests were not enough. He hoped that it would not be necessary for Jordan itself to take retaliatory measures.

Comment: Prime Minister's remarks serve to emphasize importance of early Security Council action along lines recommended by

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[2] Not printed, but see footnote 2, Document 693.

American, British, French representatives in Jordan (outlined Embtel 171).[3] Question arises whether action recommended, even if followed, will be strong enough to permit Jordan Government to withstand popular pressure for some kind of Jordanian retaliatory action. I do not know.

LYNCH

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[3] In telegram 171 from Amman, Oct. 18, Lynch reported on a résumé of joint views on the Arab-Israeli situation drafted by the British and French representatives in Amman and himself, in view of the tripartite approach to the Security Council. The résumé recommended, *inter alia*, that some positive step be urgently taken to reduce dangerous tension, in particular, that the Security Council condemn Israel for the Qibya incident, and for her attitude regarding the waters of the upper Jordan; and that the Security Council threaten Israel with sanctions unless her attitude changed. Failing such Security Council action, the résumé stated that the three Western powers should consider action based on the phrase in the Tripartite Declaration providing for action outside the United Nations. (120.280/10–1853)

No. 697

683.84A322/10–1953: Telegram

The Secretary of State to the Embassy in Syria

SECRET PRIORITY WASHINGTON, October 19, 1953—7:16 p. m.

143. Re Embtel 149[1] Emb shld if necessary make abundantly clear to Shishakli that incident similar Tel al-Mutilah wld not embellish Syr case. Dept has backed fully Bennike decision, has withheld economic aid Israel. Finally, US in concert with UK and France is spearheading Security Council examination incidents. In return US hopes Syr will exercise all possible restraint and permit Security Council reach decision without further complications.

DULLES

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[1] Not printed, but see footnote 6, Document 693.

No. 698

S/PRS files, lot 77 D 22

Verbatim Record of the Press and Radio News Conference of the Secretary of State, Washington, October 20, 1953

[Extract]

No. 17

. . . .

Q. Mr. Secretary, has the United States cut off aid to Israel for the time being until that situation out there has quieted down?

A. We are continuing, as I understand it, our so-called technical cooperation aid. As far as the allocation of funds is concerned out of the amount which was made available by the last Mutual Security Act there has been no allocation, as yet, to Israel, and we have deferred making that in view of the problems which exist in that area between the United Nations and Israel.

That deferment of allocation was made at the time of the decision of General Bennike with reference to the water development of the Jordan. It was not based upon the more recent incidents.

Q. Mr. Secretary, has Israel been informed of this decision to defer any allocation?

A. They know they haven't got it.

Q. Can you tell us the sum involved, sir?

A. I beg your pardon.

Q. Some indication of the size of the sum involved?

A. Well, this year, for the first time, the Congress did not itself attempt to make any allocation between Israel and the Arab States. There was a total sum which was set apart for that area, leaving the discretion in the Executive, as to how it should be allocated. I am sorry to say that I can't remember what that total sum was. Does anybody here remember?

Mr. Suydam: In the order of $50,000,000 or $60,000,000.

A. No. it was more than that. I think the total sum was in the neighborhood of $100,000,000, as I recall. I think we asked for a total of $140,000,000—that's my impression—and it was cut down in the authorization or appropriations to somewhere around $100,000,000 as a total sum.

Q. Mr. Secretary, have there been any allocations to the Arab States to that fund?

A. I beg your pardon?

Q. Have there been any allocations to the Arab States under that fund?

A. I just don't know. I don't think it has been done in any important way except as it may have been drawn on in the allocation that was made to the Government of Iran, which was announced some time ago. I doubt whether any other allocations have been made, although they may have been.

Q. Mr. Secretary, could you tell us more precisely why the allocation to Israel has been deferred?

A. It was deferred because it seemed to us that the State of Israel should respect General Bennike's decision, and that as long as the State of Israel was acting in defiance of that decision it was questionable at least as to whether we should make the allocation. I might add we recognize that there was a right of appeal from General Bennike's decision to the Security Council, but we felt that pending the exercise of that appeal that it would have been better that the work be suspended unless General Bennike agreed that it could go on without prejudice to the interests which he thought were jeopardized on the part of Syria.

Q. Do you mean, sir, on the hydro-electric project?

A. Well, it is a dam—water diversion project, yes.

Q. Mr. Secretary, does the move by the Israeli Government to transfer its capital to Jerusalem enter into this decision in any way?

A. No, except that it seemed to provide a greater reason for taking seriously this last refusal. There was a certain cumulative effect to it, I suppose.[1]

Q. Thank you, sir.

HENRY SUYDAM

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[1] Department of State Press Release No. 594 of Oct. 23 contained quotations from the Secretary's responses in this press conference to questions concerning aid to Israel; for text, see Department of State *Bulletin*, Nov. 2, 1953, p. 589.

The Department on Oct. 22 authorized the Ambassadors in the Arab capitals and the Consul at Jerusalem to disclose at their discretion to the governments to which they were accredited significant portions of telegram 276 to Tel Aviv, Oct. 9 (611.84A/10-953), summarizing the Secretary's conversation with Eban. The Department suggested that the U.S. representatives also draw attention to the press release of Oct. 18 concerning the Qibya incident and to the Secretary's remarks at his press conference of Oct. 20 concerning the withholding of economic aid to Israel. (Telegram 183 to Amman, Oct. 22, 7:49 p.m., repeated to Baghdad, Beirut, Cairo, Damascus, Jidda, and Jerusalem, and for information to Tel Aviv, London, and Paris; 611.84A/10-2253)

No. 699

Eisenhower Library, Eisenhower papers, Whitman file

Memorandum by the Acting Secretary of State to the President[1]

SECRET WASHINGTON, October 21, 1953.

MEMORANDUM FOR THE PRESIDENT

Attention General Paul T. Carroll

Subject: Withholding Aid to Israel

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[1] The memorandum was initialed by President Eisenhower.

Attached for your information is a telegram [2] from three members of the Andersen subcommittee of the House Appropriations Committee opposing aid to Israel until it complies with UN directives.

In this connection, you may be interested to know that no economic aid funds have been made available to Israel so far during this fiscal year. The first allocation of funds was just being made when word was received that the Israelis were unilaterally diverting the Jordan River in the demilitarized zone at Banat Yaacov. We informed the Israel Ambassador on September 18 that we would not release any funds until the Banat Yaacov matter was clarified, as we did not want our assistance to coincide with an Israeli action which might result in hostilities.

Later, the Chief of Staff of the UN Truce Supervisory Organization requested the Israel Government to cease its work on the diversion of Jordan River waters. Rather than comply, the Israel Government speeded up construction on the diversion dam. We thereupon told the Israelis that we would not feel justified in releasing aid until they had complied with the UN decision, and that cessation of work after completion of the dam would not, in our view, constitute compliance.

The matter has been further complicated by the recent attack by Israeli forces on Jordan frontier villages. In concert with the UK and France, we have taken the question to the Security Council of the United Nations.

We do not plan to authorize release of any economic aid funds to Israel until these issues have been resolved to our satisfaction.

WALTER B. SMITH

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[2] The telegram, addressed to the President, was sent as telegram 643 from the Embassy at New Delhi on Oct. 18 at 9 a. m. It reads as follows:

"Our recent on-the-spot investigation of the Arab-Israel situation leads us to the unanimous conclusion that our government should immediately cease all aid to Israel until said state takes appropriate action to comply with United Nations directives and resolutions. We are convinced that continued economic support of Israel in the face of the reported acts of aggression and other flagrant violations of United Nations directives and recommendations has led to serious deterioration of not only Arab-American relations but also our relations with the entire Moslem world. Signed H. Cal Andersen, chairman Ben F. Jensen, Oakley Hunter." (684A.86/10-1853)

No. 700

IO files, lot 71 D 440

Minutes of the Seventeenth Meeting of the United States Delegation to the Eighth Regular Session of the United Nations General Assembly, New York, October 21, 1953

SECRET
US/A/M(Chr)/277

Ambassador Lodge opened the meeting and presented Secretary Dulles, who had been in New York to address the Herald Tribune Forum the previous evening. The Secretary, having recently returned from the Tripartite Foreign Ministers Conference in London, took the opportunity to speak about developments there concerning Trieste and Palestine. [Here follow brief remarks concerning Trieste.]

On the Israeli-Arab matter, it was necessary to bring the whole problem to a focus. It had been decided some weeks ago not to proceed with the allocation of FOA funds to Israel since those funds were designed primarily for water resource development. In view of General Bennike's decision to suspend operations of the Banat Yacoub project, it has been deemed inadvisable to release the United States funds to Israel. It had been hoped that Israelis would heed the appeal and suspend their work. Instead, the work was greatly intensified. The Secretary wanted to make clear that the decision to delay the funds took place prior to the Kibya incident.

The Secretary briefly mentioned Suez and reported an agreement had almost been reached there. He felt the talks between the Egyptians and the British ought not to break down: there was slight possibilities at that point that that would happen.

The Secretary stated that he had been following the work of the Delegation with much interest and appreciated the fine way in which the Trieste and Palestine matters had been handled in the Security Council.

1. Palestine Refugees

Mr. Taylor said that the subject for discussion was the Palestine refugee item, which would be presented in two parts by Mr. Barco and Mr. Gardiner. The former would present a summary of the different elements of the Palestine problem as a whole: the latter would present the United States position.

Mr. Barco stated that the most tragic, most urgent and most difficult element in the Palestine question had been the plight of the refugees. Almost one million of them had left their homes as a result of the war and, after the fighting had ceased, had been forced to live under extremely harsh economic conditions. At the close of the war, the United Nations had taken several important decisions. The General Assembly resolved in 1948 that those refugees who desired to return to their homes and live at peace with their neighbors should be permitted to do so. Those who did not desire to return were to be compensated. In addition, at the General Assembly in 1948 the Palestine Conciliation Commission (PCC) had been set up to aid the Israelis and Arabs in the negotiation of their differences, and the Arab States and Israel were requested to negotiate either directly or through the Commission. The truce agreements had been expected to give way to peace settlements within six months.

None of the things the United Nations tried to do had been successful. In 1949 the PCC first attempted conciliation. Conferences had been held with the parties both that year and in 1950, and ended in failure. In 1951, at the initiation of the United States, the PCC, assuming the role of mediator, called the parties together and made its own proposals for partial repatriation of the refugees who could be integrated into Israel's economy. Arrangements for the allocation of the Jordan River waters had also been suggested, as had the enlargement of the scope of the Armistice Agreements and compensation by Israel of those who did not want to return to their homes. Those efforts were rejected completely by the Israelis, largely on the ground that the PCC had no authority as mediators to make any proposals. The Arabs refused to consider them because they did not go far enough toward implementation of the General Assembly resolutions.

In 1951 a major effort had thus been made and had failed. Since that time, all efforts had been directed towards matters of lesser importance. During the past year, the PCC had obtained agreement by Israel to release the blocked accounts of the Arab refugees, which were held in banks in that country. The objective was to obtain the release of some five million pounds sterling. Partial success had been achieved through the initial release of one million pounds sterling. The Arabs had not received that effort with all the sympathy it deserved. Since then, however, a number of obstacles had been removed and negotiations were proceeding for the release of the remaining accounts.

Another difficulty not to be overlooked was the fact that the armistice lines were set up on a temporary basis, which fact had created serious problems resulting in continual incidents on the frontiers. The differences on the question of waterways had a definite connection with the armistice lines.

On the basis of a report from Gordon Clapp, the General Assembly established the United Nations Relief and Works Agency

(UNRWA) in 1949. UNRWA had been dealing with the refugee problem since that time. The United States also had given principal attention to refugee matters for the past five years. The fact of greatest political significance had been the underlying problem that neither party had been willing to take steps which would prejudice their political rights. The Arabs should not be condemned for their part in keeping the matter alive. They were very much afraid each stage of the effort would be the last and they could look at past United Nations efforts and find considerable justification for their fears.

Ambassador Lodge asked whether the Arabs wanted the destruction of the Israelis or whether it was felt they wanted to progress from that point. Mr. Barco expressed the opinion that the Arabs would be pleased to see the Israelis go down. The more rational leaders realized however, that Israel was here permanently and that we were going to continue to support that State. It was felt we should give them time and we should solve some of the specific problems.

The Syrian Ambassador had told Ambassador Lodge the Arabs wanted one thing taken up at a time in the Security Council. Mr. Barco agreed that one item at a time should be considered completely.

Mr. Richards asked about the conduct of the Israelis. The Secretary cited their intensification of work on the water diversion project and said they had added crews to work nights.

Upon the temporary absence of Ambassador Lodge and the Secretary, who were summoned from the room, Mrs. Bolton assumed the chair. She called upon Mr. Gardiner to present the second phase of the matter, the United States position.

Mr. Gardiner reported that the United Nations had been caring for more than 800,000 refugees the past year. Those people were existing on 1600 calories per day. That had cost rather less than $24 per refugee per day. That fact would put us in the vulnerable position of having treated the Arabs with less care than we treated prisoners-of-war. They had not been our enemies. It would be difficult to satisfy the Arab delegations that reasonable justice had been done.

That year for the first time the UNRWA Advisory Commission had reached agreement, concurred in by the Department of State, the French and United Kingdom Governments, on a draft resolution (US/A/3622) which provided a relief budget of $24.8 million for the fiscal year ending June 30, 1954. That would include a United States contribution amounting to one-half of the total amount. The previous year the United States contribution had been 70% of the total program. In addition, the resolution provided a budget of $18 million for the fiscal year ending June 30, 1955, subject to review at the Ninth General Assembly.*

It was pointed out that the reported number of Arab refugees had been excessive and obviously, the figures were padded. On the other hand, the ruin of the Arabs which had been caused in part by the Israelis and partially by the alignment of boundaries had been recognized.

Mr. Gardiner reported that when the lands were divided the Arabs had been given poorer land. Their tourist trade had been interrupted. They had not been compensated for the better land from which they had been removed. No less than 300,000 refugees had been living in Arab territory within sight of the Israeli border. There would always be incursions to which the Israelis would retaliate. There would be no hope of settling the border difficulties unless a solution could be found for the problem of the displaced persons. In dealing with those matters heretofore, we had been too optimistic.

In the course of the previous twelve months substantial program agreements had been signed with three countries, Syria, Egypt and Jordan. There was no immediate cause for concern in Syria where there was no great tension. The 80,000 refugees there were assimilated to a great degree. Once a political settlement was reached with Syria, that country could handle its quota of refugees. The best opportunities for settlement existed on farms. UNRWA could not undertake to make the most of such opportunities at that time and the Syrian government was not prepared to take steps to persuade the refugees to move into more available farm land. Instead, Syria had offered the Agency second or third class land. Some resettlement had taken place, but it had not matched the birthrate.

With regard to Egypt, that Government had felt UNRWA would cease the relief program and leave 200,000 refugees stuck there. For that reason Egypt had come forward and made a public announcement of their cooperation. They wanted to maintain harmony on the matter so that there would be favorable consideration in connection with other important issues, such as the Suez Canal, etc. An agreement had been signed with them for the settlement of 100,000 on the Sinai peninsula. Consideration was being given to a project to siphon the waters of the Nile under the Suez to irrigate that land.

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* The negotiating Committee for Extra-Budgetary Funds was requested to seek contributions required to meet the needs of UNRWA, established at a total of $292.8 millions.

An increase of two additional members to the UNRWA Advisory Commission was also authorized in the draft resolution. [Footnote in the source text.]

In the valley of the Jordan River was the third and best possibility. Concerned with that possibility, the TVA Report had been prepared and issued. Its appearance had caused quite a stir in the press. Referring briefly to the background of the Jordan River problem, Mr. Gardiner stated that the original lines were drawn in 1922. The boundaries had been so set, under the original mandate agreement, as to give the mandatory authority, i.e. the United Kingdom substantial control of the Jordan waters. In view of the increasing problem of border rights, with the Israelis on one side and 470,000 Arab refugees on the other side, there was good reason to question whether it was not time for a new deal. The TVA Report was a plan that could not possibly work unless political adjustments were made to assure Arab states that they could control those waters to be stored in Lake Tiberias.

The Secretary commented that on the basis of his personal observations in the area last May, the feeling was that it was not possible to achieve an overall peace there now. One thing should be dealt with at a time. The most encouraging factor was that the settlement of the waterways situation would help solve the refugee problem. That would provide employment and new land for the Arabs. The birthrate was much in excess of the death rate in the Arab camps. The general living conditions in the Arab states were so bad that they were worse than those of the refugees.

Mrs. Bolton noted that Israel desired to divert waters into the Negev, which action would seemingly be in conflict with the TVA plan. It was pointed out that the TVA plan would be advantageous to Israel in that its provision of 100,000 acres of irrigated land in the area would buy them a section of peace.

Mr. Richards said it seemed that to realize implementation of the TVA plan would mean that Israel would have to give up something, and he doubted that Israel would do so.

The meeting adjourned at 10:12 A.M.

BESS N. TRINKS

No. 701

683.84A322/10-2153: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET **PRIORITY** DAMASCUS, October 21, 1953—6 p. m.

156. Pursuant instructions Deptel 143, October 19 I saw Shishakli at noon today. He at once expressed gratification over Secretary's statement to press concerning deferment further US aid Israel, noting that US action was promoted by Israel flouting UN authority re diversion Jordan River in demilitarized zone. He said action had increased his confidence in US administration and in President Eisenhower and gave him hope for the future.

I conveyed contents reference telegram and expressed firm desire for peaceful settlement. He observed, however, that Israel continues to work on the diversion canal in defiance UNTSO and said if peaceful means fail Syrian Government could not divest itself of responsibility to protect legitimate Syrian interests. While admitting Israel could not completely divert Jordan for some time to come, he asserted that Arab-owned mill and farm called Aalmine had already been deprived of water.

Comment: I have never before seen Shishakli so well disposed toward US. I feel confident he will continue exercise restraining influence while awaiting outcome present UN action.

MOOSE

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[1] A copy of this telegram was sent by Secretary Dulles to President Eisenhower on Oct. 23 under cover of a memorandum which reads: "You may be interested in the attached cable from Syria." (683.84A322/10-2153)

No. 702

784.00/10-2253

The Brazilian Embassy to the Department of State [1]

CONFIDENTIAL
SN/920.(55a) (51)

MEMORANDUM

When he passed through Rome en route to Rio de Janeiro, the Minister of Brazil in Tel Aviv [2] called on Monsignor Tardini in order to inquire about the present opinion of the Holy See on the problem of Jerusalem in the light of recent events.

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[1] Department of State translation.
[2] José Fabrino de Oliveira Baiao.

2. The Holy See views with extreme anxiety the increasing tension on both sides which characterizes the situation between Israel and Jordan; it is convinced that this atmosphere of hatred can at any moment result in an armed conflict of major proportions. Even if such a conflict should last only twenty-four hours, it is obvious that it would again expose the Holy Places to unforeseen risks of damage and even destruction.

3. To avert that danger, which, if it should materialize, might affect world peace, measures must be taken, and each of the parties concerned should take them in a spirit of understanding in keeping with the circumstances.

4. With that noble purpose, graciously and as proof of its desire for peace, the Holy See, as a provisional measure to remove the imminent danger, would be disposed to accept the demilitarization of the Zone of Jerusalem within a radius of fifty kilometers, which Brazil would be prepared to propose.

5. However, if this provisional measure should in practice achieve the results it was desired to obtain by means of the internationalization of the Zone of Jerusalem, recommended by the United Nations, advocated by the Holy See, and supported by Christians and the intellectual world, there would be no objection to the provisional status becoming in actual fact definitive; to this Monsignor Tardini agreed.

6. In this connection, the Holy See would support Brazil in initiating a movement among the Catholic nations, especially the Latin American nations, for the solution of the problem and consequent safeguarding of the treasure of Christianity situated in the Zone of Jerusalem, including Bethlehem. However, for a movement of such magnitude to obtain the success desired, the support of the United States of America would be imperative.

7. Brazil is therefore keenly interested in learning whether it could count on the support of the United States of America for the immediate demilitarization of the Zone of Jerusalem as a provisional solution of the matter. With regard to a definitive solution, Brazil would suggest two formulas: (a) The calling of a conference of the Catholic countries, as well as the United States of America and the United Kingdom, together with Israel and Jordan, to resolve the problems of the Zone of Jerusalem; (b) the calling of an international conference for the signing of a treaty of peace in the Middle East, modeled specifically after the San Francisco Conference for the signing of the Treaty of Peace with Japan, in which not only the countries directly concerned, Arabs and Jews, but also the Christian nations would participate. In the treaty to be signed

at that time a chapter would be included which would guarantee the protection of the Holy Places, not only in the Zone of Jerusalem, but also throughout Palestine.[3]

WASHINGTON, October 22, 1953.

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[3] This note was discussed in a conversation at the Department on Nov. 10 which included Deputy Under Secretary Murphy, Brazilian Ambassador Muniz, and Assistant Secretary Byroade. At the conclusion of the conversation Byroade stated that the matter should be given further study regardless of present difficulties in the area. (784.00/10–2253)

No. 703

120.280/10–2253: Telegram

The Ambassador in Lebanon (Hare) to the Department of State[1]

CONFIDENTIAL BEIRUT, October 22, 1953—7 p. m.

365. Eric Johnston and party arrived this morning by PanAm. Proceeding Amman tomorrow by military plane. At Prime Minister's request, Johnston and I called this morning. Proceeding on basis that preferable open substitutive discussion with Jordan and Israel and subsequently with other Arab States, Johnston sought keep discussion general and create favorable atmosphere, stressing sincerity our interest and especially of President in constructive development in area and our willingness be of assistance provided countries of area willing approach present difficulties realistically and with open mind to do their share in seeking solution problems.

Prime Minister expressed appreciation our interest and admiration for President but repeatedly emphasized that we would be in "psychological error" if we were proceed on assumption that economic assistance could be used cure political ills. Rightly or wrongly, Arabs had a clear impression that our interest in their economic betterment had only materialized in relation our solicitude for the welfare of Israel. If we were really going make progress and become positive factor in stabilization of the area, we must make it clear that we had no such ulterior motive and that our interest in the Arab countries had no other implications whatsoever. If we could adopt and follow such policy, the road to Arab confidence and cooperation was open but not otherwise. Arab States would absolutely have nothing do with our economic program if it aided Israel in the process.

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[1] Repeated to Amman, Baghdad, Cairo, Damascus, Jidda, and Tel Aviv.

Prime Minister added that, in stressing foregoing, he wished make entirely clear that we need have no fear Arab aggression against Israel. Such was not their intention and preoccupation with their own affairs would in any event preclude their launching any such adventure. Hence, we could help Arab States with no fear that by so doing we might be contributing to the undoing of Israel.

Johnston thereupon outlined certain basic principles guiding his mission and drew parallel Colorado and Rio Grande Rivers which benefitted Mexico. He stressed impossibility fully developing Jordan River without aiding all four countries involved. However, he suggested he would prefer defer discussion details until his return.

Meeting ended on friendly note.

HARE

No. 704

120.280/10-2253: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

CONFIDENTIAL PRIORITY AMMAN, October 22, 1953—7 p. m.

190. Johnston mission arrived noon October 22. I accompanied Johnston in call on Prime Minister 4 p. m. primarily to pay respects and arrange future meeting for substantive discussion.

Prime Minister stated that in order facilitate Johnston's work vis-à-vis Jordan Government he wished frankly to make position of Jordan, decided upon after consultations with King and Cabinet, perfectly clear. He then enumerated five points which Jordan Government would not under any circumstances discuss. These, if accepted, would have rendered Johnston visit utterly useless and included flat refusal to discuss any plan for use of Jordan waters other than Bunger scheme for Yarmuk.

Johnston then stated he wished with equal frankness to make position of President of United States perfectly clear and proceeded to point out that President would have to go before Congress to obtain necessary money for any scheme and in order to obtain it scheme must be along economical lines. He, Johnston, came to Jordan with an open mind and he hoped Jordan Government on its part would receive him with open mind. It was hope of President to bring great benefits to area and Jordan would be principal beneficiary. After considerable discussion Prime Minister seemed to agree that it would be mistake for members of his government not to permit Johnston to explain new plan and meeting tentatively arranged for October 24.

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[1] Repeated to Baghdad, London, Paris, Cairo, Beirut, Damascus, Tel Aviv, Jerusalem, and Jidda.

Johnston then explained US position re Jordan waters at some length. I believe Prime Minister very favorably impressed but he was obviously worried about reactions his Cabinet colleagues.

LYNCH

No. 705

120.280/10-2353: Telegrams

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, October 23, 1953—5:24 p. m.

469. Department endorses fully position taken by Hare as reported Beirut's 360. [2] Arab leaders now possess opportunity, which may not recur, demonstrate constructive approach both re Johnston Mission and Security Council consideration area tensions.

As Arabs must realize, US has taken strong line on Qibya incident and by withholding aid to Israel in connection by Banat Yaqub construction has shown its intention back UN by concrete action.

Attitude taken by certain Arab leaders toward Johnston Mission, including credulity given fabrications regarding his Zionist sympathies (facts set forth Deptel 172 [3] and Paris Embtel 8 to Amman), [4] together with tendency adopt unconstructive attitude towards issues before Security Council can only damage Arab position before US and world opinion. Department assumed that in accordance with their own best traditions Arab Government would accord courteous receptions to representative of President and would give careful consideration his statements. Needless to say, President would not have despatched Johnston on such a mission unless convinced his complete objectivity.

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[1] Sent also to Baghdad, Jidda, Amman, Damascus, and Beirut; repeated to Tel Aviv and Jerusalem.

[2] In telegram 360 from Beirut, Oct. 21, Ambassador Hare reported on a conversation with Foreign Minister Naccache in which he stressed Johnston's impartiality and the importance of the mission, read the Department's press statement of Oct. 18, and called attention to the U.S. Government's intention to see those responsible for the Qibya incident brought to account. "In conclusion," Hare reported, "I told Foreign Minister that despite gravity present situation in Near East, there is in actuality an opportunity for progress highly beneficial to Arabs, an opportunity which if lost may not recur. I emphasized necessity for Arab leaders show understanding and take constructive approach since contrary action would only be to their detriment." (120.280/10-2153)

[3] Telegram 172 to Amman is the same as telegram 140 to Damascus, Oct. 17; not printed, but see footnote 5, Document 693.

[4] Telegram 8 from Paris to Amman is the same as telegram 1519 from Paris to the Department; not printed, but see *ibid.*

Position of Jamali (Baghdad's 227 to Department)[5] especially detrimental to Arab interests here. His refusal receive Johnston on pretext he official American Christian Committee for Palestine ignores fact Johnston visiting area solely as representative of President. Such attitude bound to be resented by US public. Department compelled take into account detrimental effect such attitude on its efforts relieve tension and improve conditions in area.

Missions instructed bring above points to attention governments to which accredited. Except in case Baghdad Missions should not mention Jamali by name.

DULLES

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[5] Not printed.

No. 706

120.280/10-2553: Telegram

The Chargé in Jordan (Lynch) to the Department of State[1]

SECRET AMMAN, October 25, 1953—11 a. m.

201. From Johnston.

1. Jordan Prime Minister received Lynch and me at his home evening 24th. Meeting at which Foreign Minister and Minister Education also present lasted two and one half hours. Three other Cabinet Ministers later joined.

2. During 48 hours which elapsed between first (see Embtel 190)[2] and second meetings with Prime Minister local atmosphere had steadily worsened. Reports and rumors piled up that Arab League political committee had voted to reject US proposals out of hand. British Ambassador told me 23rd that Prime Minister was under strong pressure to refuse to see me at all. Furlonge stated he had felt constrained point out folly of such behavior to Prime Minister in strong terms. Local press attacked me morning 24th as "pure Jew" and prime mover among US Zionists. When I arrived at Prime Minister's house for second meeting Foreign Minister was hostile to point where he opened conversation with insulting refer-

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[1] Repeated to Baghdad, Beirut, Cairo, Damascus, London, Jerusalem, Tel Aviv, Paris, and Jidda.

[2] Document 704.

ence to my "Zionist connections" which Lynch quickly and effectively squelched.

3. Meeting charged with emotion. Major difficulties included: (1) Firm refusal even consider course action involving agreement with Israel in any form; (2) Belief on part Jordanians that US and UNRWA committed build Yarmuk—only project in any event; (3) Foolish but strong hope that HKJ can eventually obtain by prior appropriation even larger volume of upper Jordan water than quantity allocated by TVA report.

I made it as clear as I could that US was uncommitted to finance any construction in Jordan Valley. Pointed out that US experts were convinced that unified development held out most possible advantages for HKJ; also that Burger now supports unified concept. Tactic throughout meeting was to keep Jordan representative away from flat refusal towards which they veered many times. By use very plain talk and all persuasive resources at our command we succeeded in extracting promise that Jordan Government would keep door open, study and consider TVA report, and rediscuss sometime after turn of year. Meeting ended in atmosphere cordiality.

4. I do not for a moment believe that we are out of the woods in HKJ. We can however take certain amount of pride in having kept Jordan Government from having totally and for all time rejecting plan. I leave Amman feeling (1) That we have gained time in which Embassy and USOMJ can continue efforts in support of the unified conception (2) That we can now usefully endeavor enlist the understanding and support of other Arab States.

5. Proceeding Cairo whence air pouching full report.

LYNCH

No. 707

784A.5 MSP/10-2653

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

RESTRICTED [WASHINGTON,] October 26, 1953.

Subject: Economic Sanctions against Israel and Related Matters Affecting US-Israel Relations.

Participants: Secretary Dulles
NEA—Mr. Byroade
NE—Mr. Waller
Senator Irving M. Ives, New York

Representative Jacob Javits, New York
Mr. Maxwell Abbell, President of United Synagogue of America, Chicago
Mr. Matthew Brown, Member of Administrative Committee of American Jewish Committee, Boston
Mrs. Samuel W. Halprin, Vice Chairman of American Zionist Council, N.Y.
Mr. Philip M. Klutznick, President of B'nai B'rith, Park Forest, Ill.
Mr. Louis Lipsky, Chairman of American Zionist Council, New York
Mr. William Rosenwald, Vice President Council of Jewish Federations and Welfare Funds, New York
Mr. Bernard H. Trager, Chairman of National Community Relations Advisory Council, Bridgeport, Conn.
Mr. Bernard Katzen, New York

Senator Ives and Representative Javits opened the discussion by stating the concern of the group in that they saw a sharp difference in the treatment accorded Israel and that accorded the Arab states. They stated there was deep-seated concern not only among Americans of the Jewish faith but Americans in general at recent actions which tend to lose Israel's friendship while not really gaining the friendship of the Arab states.

The Secretary thanked the group for having the courtesy to call and develop in some detail his long and close relationship with matters affecting Israel and referred to his religious background which had given him long association with Judaism.

The Secretary explained that we were extremely eager to see peace in the Middle East. He had hoped on assuming office that quick progress could be made in this direction but found out during his trip to the area that this was impossible because passions were too high and US influence in the Arab world was at a minimum. He stated he had found Ben Gurion in a statesmanlike mood and that Ben Gurion had himself stated he hoped our influence could be increased in the Arab states. We have been hoping for a period of relative calm under which to carry out our policy—unfortunately the opposite has occurred.

The Secretary gave the group the substance of his recent talks with Ambassador Eban (which are recorded separately) explaining particularly the sequence of events which resulted in a temporary suspension of US economic aid. He stated that what we were doing was done solely to back the local machinery of the United Nations in a situation which looked as if armed conflict might result had we not acted as we had. He explained briefly the US interests in the area as a whole, touching upon both the strategic value of the area and the petroleum reserves upon which our military planning depends. He stated as Secretary of State he could not ignore such vital factors to our own security.

The members of the group in turn identified their organization and stated their feelings. Points raised include the following: Arab economic blockade with particular reference to the Suez Canal; censuring of Israel not helpful because it would make Arabs more difficult to deal with; the impracticability of Israel being forced to obtain agreement of Syria on the Jordan diversion project; it was unfair to Israel to single out Qibya incident as the Three Powers had done.

The general theme of the above was that it was all right to try to make friends with the Arab states but that it should not be done at the expense of Israel. All expressed their appreciation of the Secretary's personal integrity on this matter and his desire to achieve peace.

Senator Ives asked what action could be taken to remedy the situation. The Secretary then read a statement he had prepared for the Press. The general content of this statement was to state in moderate terms the reasons behind the temporary suspension of funds and to restate the fact that there had been no change in our basic friendship for Israel. The group unanimously urged that no such statement be made. It became apparent that the group was against any statement explaining our actions, if it was at all critical as regards Israel.

Congressman Javits then read a statement which the group planned to release to the Press. The Secretary took strong exception to the statement as drafted as it contained various inaccuracies and distortions. He pointed out that if there was a large measure of misunderstanding on this issue it had been done in part by the Jewish fraternity. He suggested the group might spend some time working with representatives of the Israeli Government to try to change their policy of presenting the world with *faits accompli.* Cooperation seemed to be a one-way street as far as Israel is concerned. He said that we had been working very hard with the Arabs but no one in the group seemed interested in that.

Senator Ives asked whether it would be possible to issue a statement saying that aid was being withheld to all Near Eastern States. The Secretary refused to consider any such statement. He pointed out, however, that Israel would be the main one to suffer from any such policy.

The Secretary agreed that Mr. Byroade would go through the statement prepared by the group for the purpose of removing inaccuracies. This was done and the group agreed to delete several portions. It was made clear that this cooperation on the text of their statement did not imply that the Department of State agreed with the statements of opinion remaining in the statement.

No. 708

120.280/10-2653: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, October 26, 1953—7:46 p. m.

328. At dinner with Malik October 24 Secretary had opportunity exchange personal views NE situation with guests including Hassouna, FonMin Bakr of Iraq, Amb Hussein of Egypt, and Chala and Boustani of Lebanon.

Arabs raised issue Johnston connection American Christian Palestine Committee, stating his selection most unfortunate. Malik said his mission hopeless and he should be recalled gracefully. Secretary's prompt rejoinder was to effect Johnston enjoyed complete confidence President and State Department; he is considered impartial and able man; and that Arabs would render position untenable in US of those seeking to help them if Johnston rebuffed on present mission. Reference was made to Iraq's statement that govt would not issue visa. (Bakr said he had made no recommendation this regard.) Egyptian injected note of moderation explaining Egypt's wish receive any envoy of President and stating Johnston already invited visit Fawzi.

Chala and Boustani stated they could not even publicly admit having read TVA report in light current political situation. When purposes and nature of desk study were explained their attitude changed.

Believe conversation generally helpful in producing better understanding on part those present.

During his talk with Hassouna today President spoke of his interest in Johnston Mission and importance cooperation for Jordan Valley Development.

DULLES

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[1] Sent also priority to Amman, Damascus, Beirut, Cairo (for Johnston), Baghdad, Jidda, and New York.

No. 709

S/PRS files, lot 77 D 22

Verbatim Record of the Press and Radio News Conference of the Secretary of State, Washington, October 27, 1953

[Extract]

No. 18

. . . .

Q. Mr. Secretary, several visitors talked with you yesterday about the aid to Israel problem. Could you tell us something about those talks and also under what conditions the United States would be prepared to restore full economic aid to Israel?

A. Let me say that your question carries an implication that I would have to correct when you say "restoring full economic aid to Israel." You understand that what has happened was that Congress appropriated a lump sum to be available for this fiscal year ending next June 30 for the area of the Near East and North Africa. So far, except for technical assistance, no grants have been made to anyone out of that fund for economic assistance. Now when you get into the reason why there has been a deferment in this matter, all I can say is that I do not think that I can very properly discuss that this morning because while we are talking here this same subject is being discussed before the Security Council, which is considering the report of General Bennike with reference to the Jordan water diversion, hydro-electric project on which he has asked for a suspension of work by Israel. As long as that is up at the moment for discussion at this very instant, by the Security Council, I think it is obviously inappropriate for me to talk about it in a way which might be misinterpreted as getting into a matter which is in the proper judicial channels.

Q. Mr. Secretary, just to make sure we understood you, you mean that there have been no allocations to the Arab States?

A. That is right. (See P.R. No. 602 attached) [1]

Q. Mr. Secretary, back on Indochina— [2]

A. Excepting, as I said, that the relatively minor technical assistance program is going ahead both in Israel and in the Arab States. That is a type of activity where the word "interruption" could not properly be used because that is a continuing program and that is going on without interruption. There have been no new allocations made out of this fund, either to Israel or any Arab state.

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[1] Department of State Press Release No. 602, Oct. 27, 1953, contained the Secretary's response to questions concerning aid to Israel up to this point in the news conference; the text is printed in Department of State *Bulletin*, Nov. 16, 1953, p. 674, footnote 1.

[2] Secretary Dulles had responded earlier in the news conference to a question concerning Indochina.

. . . .

No. 710

Resolution 100 (1953). Adopted by the United Nations Security Council on October 27, 1953 [1]

The Security Council,

Having taken note of the report of the Chief of Staff of the United Nations Truce Supervision Organization in Palestine dated 23 October 1953, [2]

Desirous of facilitating the consideration of the question, without however prejudicing the rights, claims or position of the parties concerned,

1. *Deems it desirable* to that end that the works started in the demilitarized zone on 2 September 1953 should be suspended during the urgent examinations of the question by the Security Council;

2. *Notes with satisfaction* the statement made by the Israel representative at the 631st meeting regarding the undertaking given by his Government to suspend the works in question during that examination;

3. *Relies on* [3] the Chief of Staff of the Truce Supervision Organization to inform it regarding the fulfillment of that undertaking. [4]

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[1] U.N. doc. S/3128. This resolution, introduced by France, was approved unanimously at the 631st meeting of the Security Council on Oct. 27. Earlier in the meeting, Eban had informed the Council that the Israeli Government was willing to arrange a temporary suspension of the works in the demilitarized zone for the purpose of facilitating the Council's consideration of the question, without prejudice to the merits of the case itself. (U.N. doc. S/PV. 631) The Banat Yaacov question was considered by the Security Council at its 629th to 656th meetings, between Oct. 27, 1953 and Jan. 22, 1954. (U.N. docs. S/PV. 629-656)

[2] For the text of General Bennike's report to the Security Council concerning the Israeli works in the demilitarized zone, see U.N. doc. S/3122.

[3] Paragraph 3 of the English text of the draft resolution as adopted began with the word "*Requests*". At the 633d meeting on Oct. 30 the Council's President stated that the correct translation of the original French was "*Relies on*". (U.N. doc. S/PV. 633, paragraphs 3 and 161)

[4] At the 633d meeting the President of the Security Council informed the Council of the receipt of a letter from General Bennike, pursuant to the Council's resolution of Oct. 27, informing the Council that the works on the project had stopped on Oct. 28 at midnight. (U.N. doc. S/PV.633)

No. 711

S/PRS files, lot 77 D 9

Department of State Press Release

No. 604

WASHINGTON, October 28, 1953.

AID TO ISRAEL

Secretary of State John Foster Dulles issued the following statement today concerning economic aid to Israel:

I have today recommended to President Eisenhower that a grant of economic aid be made to Israel in the sum of approximately $26 million in respect of the first six months of the current fiscal year. This is the amount which previously had been tentatively earmarked for allocation to Israel under the Mutual Security Act of 1953, in agreement with Mr. Stassen, Director of the Foreign Operations Administration.

Definitive action in this matter was deferred because of differences between the State of Israel and the United Nations Truce Supervision Organization relating to a Jordan River water diversion project. This work, recently undertaken by Israel, is in part in the demilitarized zone between Israel and Syria. On September 23, General Vagn Bennike, Chief of Staff of the Truce Supervision Organization, requested that Israel should cease work on this project pending some arrangement which would insure its conformity with the Syria-Israel Armistice Agreement. The State of Israel did not meet General Bennike's request. It seemed that, if the United States granted economic aid under these circumstances, it would tend to undermine the authority of the United Nations Truce Supervision Organization. That authority is indispensable to the prevention of general hostilities and chaos in the area.

Yesterday, in the United Nations, the spokesman for the Government of Israel, in response to a request from the President of the Security Council, agreed that the work started by Israel in the demilitarized zone would be suspended pending urgent examination of the question by the Council. The Security Council thereupon, by unanimous resolution, [1] took jurisdiction of the matter and confirmed the suspension of work on the project. The spokesman for the Government of Israel also stated to the Council that it was the policy of his Government that it would in the future cooperate with the Council's efforts to reach a solution, taking account of all legitimate interests.

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[1] Resolution 100 (1953), *supra.*

The policy of the United States to support the United Nations Truce Supervision Organization in this matter has thus been realized, and the impediment to the present grant of economic aid to Israel has been removed.

Programs for economic aid to other states of the Near East are in an advanced state of formulation, and it is expected that some of them can shortly be announced.

No. 712

684A.85/10-2853: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, October 28, 1953—7 p. m.

538. From Johnston. Johnston and I spent hour with Foreign Minister Sharett this morning at his residence Tel Aviv. Tone of discussion was friendly. Johnston sketched background US interest Jordan water plan and stressed US security interest in Middle East.

Essence of Foreign Minister's comment was: (1) Argument for inclusion Litani River in Jordan water plan; (2) Political obstacles arising out of Arab unwillingness negotiate with Israel or participate in joint undertaking with her; and (3) Need for "more than persuasion" by US to compel Arab cooperation.

In reply, Johnston made clear: (1) That for many reasons Litani was outside the scope of present discussions; (2) That present political considerations make demand for direct negotiations untenable and obviate possibility of direct multilateral agreement between parties. As alternative he indicated unilateral declarations by the parties would be satisfactory as sole guarantees of acceptance of the principles contained in the TVA report with international or neutral regulatory authority to control distribution of water within the framework of the plan; (3) Degree of cooperation which US extends to other countries will depend on the degree of cooperation they extend to US.

Foreign Minister raised additional points such as: Defects of TVA plan, waters could be used better elsewhere; the waters of the Jordan could not be taken away from Israel without compensation, et cetera.

Johnston pointed out that waters of the Jordan River rise mainly in Lebanon, Syria and Jordan. Conceivable these countries could prevent this flow into the Jordan. The mere fact that the Jordan River flowed for a short distance through Israel did not give it unqualified right to the entire stream. Johnston said no objection to Israel's using her share outside Jordan watershed.

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[1] Repeated to Amman, Beirut, Cairo, Damascus, Jidda, Baghdad, and Jerusalem.

Comment: Foreign Minister's objective in discussion appeared to be to accomplish one of two things: Either for the US to compel Arabs to sit down for negotiation with them or to put the blame for failure of plan on Arabs. The possibility that direct multilateral agreement would not be required or that outside body could regulate water distribution seemingly took them completely by surprise.

Scheduled meeting this afternoon was cancelled evidently to give time to consult the Prime Minister and regroup their thinking. Meeting again 10:30 tomorrow morning.

RUSSELL

No. 713

784A.5 MSP/10–2853: Telegram

The Secretary of State to the Embassy in Syria [1]

SECRET NIACT WASHINGTON, October 28, 1953—7:32 p. m.

163. Department expects Arab leaders to be disappointed over fact we have released some aid to Israel. We feel it important you be in position give them our thinking which is as follows:

Economic aid contemplated during this fiscal year for Israel computed solely upon basis what US considered essential from strictly economic point of view. US convinced certain amount assistance essential to Israel in order maintain stability inside Israel, absence of which could not be other than disruptive in ME. US was about to advance its first allocation of this fiscal year to Israel when diversion project begun. Our act in withholding aid to Israel was based solely upon our desire back up UN machinery in the field. This drastic action unparalleled in US aid programs considered necessary support authority UN machinery particularly in view dangerous situation Palestine area. Removal of ban had never been tied to conditions other than conformity with UN machinery on this specific point. By the act of Israel yesterday she is now in conformity with UN on this matter. Since Israel now in step present object lesson completed and should have salutary effect. Attachment further conditions not only not warranted but might start chain of precedents calling for interruption US aid in number of parts of world.

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[1] Repeated to Baghdad, Beirut, Cairo, Jidda, Tel Aviv, and Jerusalem.

Some criticism has arisen here that we cut off aid to Israel for UN violation while many other nations are continually in violation UN decisions. The answer to this point is that we were backing the UN machinery in a local situation where it appeared without such backing a real threat to the peace would develop.

FYI If Israel fails implement the promise to cease work or later shows unwilling comply with UN-SC decision on this project, new situation will have been created which we can face on merits at that time.

Secretary today announced programs for economic aid to other states Near East are in advance state formulation and that it is expected some of them can shortly be announced. You should make clear if necessary that economic aid to other states of Near East has not been held up to keep step with suspension grant aid to Israel.

Syrian Ambassador has been given above explanation which he appeared understand had merits. He thought it most important Ambassador Moose explain US philosophy in Damascus at earliest opportunity.

Other recipients can make appropriate use of foregoing. The Secretary's statement being wired separately contains other useful information.

DULLES

No. 714

357.AC/10-2953: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

SECRET NEW YORK, October 29, 1953—5 p. m.

230. Re: Palestine in SC. Riad (Egypt) informed USUN yesterday Arab delegates will not participate SC debate for time being until they have heard what Western powers propose or until Israel involves them in such way they must respond. Riad reiterated Egypt's desire avoid involvement Palestine question and was anxious know US intentions with respect El Auja incident. In view of fact no decision had been taken in MAC on right of Israel establish kibutzes in demilitarized zone Egypt would like see SC ruling in her favor. Area where kibutzes have been located, in Riad's opinion, should be maintained as no-man's-land to provide a military

buffer. On other hand, if SC were to deal with El Aujo question in equivocal manner or against Egypt's position, it would be preferable not have any further consideration question. Egyptian delegate therefore most anxious know US intentions in order make own plans. Riad referred this connection to Ambassador Caffrey's opinion which he believed was to avoid discussion El Auja. He went on to say he hoped when US had formulated ideas as to resolution it would be possible for his delegation have early consultations with US. Hassouna, SYG Arab League, later in evening, emphasized importance he attaches to early consultations between US and Egyptian delegates on any draft resolution.

LODGE

No. 715

120.280/10-2953: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, October 29, 1953—6 p. m.

545. Embtel 538 to Department. [2] Second meeting held at home Foreign Minister in Tel Aviv this morning. Present: Foreign Minister, Minister Finance, Minister Commerce plus Israeli water and agriculture technicians. Russell and Johnston were accompanied by Jones, Barnes, Bergus, Fried, McDaniel and several others USOAI.

Foreign Minister opened meeting by reiterating his understanding that Israel was uncommitted to give clear decision at this time. Johnston confirmed this.

Israel technicians then made lengthy statements on technical aspects of plan. Main criticisms were (1) idea of basin development contained in TVA report too dogmatic—Litani should be included; (2) not always true that gravity flow more economic than pumping; (3) there might be other alternatives to Tiberias as reservoir; (4) Israel's experience showed that southern portion Jordan valley could be irrigated with much less water than TVA report recommends.

Jones replied with able engineering counter arguments pointing up competent judgment behind recommendations of TVA report.

Johnston pointed out US was not wedded to each and every conclusion TVA report. Realized there was additional data available to Israelis on matter which we would be glad to study. We were convinced of soundness of principles behind TVA document, however, and believed acceptances those principles would represent important beginning of solution of other problems including the urgent one or refugees. Pointed out Israel's own political and economic interest in solution refugee problem and raising Arab standard of living. Sharett agreed IG was interested in solving refugee problem and in raising Near East living standards. Stated however there was further but prior premise that Israel must solve own problem production and put more people on land. Israel still only potential refuge for unhappy Jews of several areas including Morocco. He believed three premises could be reconciled.

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[1] Repeated to Amman, Beirut, Cairo, and Damascus.

[2] Document 712.

Sharett asked Johnston to convey to President United States the IG view that USG would miss important opportunity if it did not tie in Litani with present plan. IG did not make this *sine qua non* of cooperation but gave it great weight. Johnston threw as much cold water as he could on this proposal pointing out we would be most fortunate if we were able to reach an understanding on Jordan watershed without going to another watershed. It was most premature from both political and technical viewpoints to give serious consideration to Litani at this time.

Johnston added that United States had most carefully diagnosed the situation and concluded Litani not part of present problem. They would have to respect our judgment on that point.

Foreign Minister concluded by stating there was basic identity of views between IG and US. Certain points for further discussion included (1) total scope of project; (2) certain individual features; (3) type of control authority. As sovereign state Israel would continue certain development works in own territory. (Confirmed "temporary" stoppage of work in demilitarized zone.) While not formally committing IG not to undertake work which would run counter to plan, Sharett said, reality was that all construction planned for the present is consistent with TVA plan.

At Johnston's request Foreign Minister agreed that IG would publish nothing other than its decision to keep open mind and carefully study TVA report and thus obviate possibility devaluing proposals in Arab mind by premature though possibly only partial endorsement.

Comment: General opinion Johnston others present was that results more favorable than expected. The general proposals for technical modifications advanced by IG were not outside realm of feasibility.

RUSSELL

No. 716

683.84A322/10-2953: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET NIACT DAMASCUS, October 29, 1953—8 p. m.

172. Deptel 163 October 28, 1953. I communicated to President Shishakli orally substance Deptel 163 at 1:30 p. m. October 29. Shishakli appeared pleased USG had seen fit take effective measures support Bennike's ruling and gratified work has stopped. He opined USG able exercise large measure influence over Israeli policy through its grants financial assistance and expressed hope this influence would be used again in future if necessary insure Israeli compliance UN resolutions.

Shishakli then stated he considered recent US action mark friendship for Syria and himself personally and expressed thanks to State Department and Embassy. I replied US action is part general US policy support UN measures and President should not give Embassy too much credit for its hand in matter.

Following important conclusions may be drawn from this episode: (1) Shishakli credits US not UN with stoppage Israeli work. He is exceedingly well-disposed USG whose action he professes believe primarily result his initiative (Embtels 147 October 17 and 156 October 21) though local papers have reported suspension aid to Israel occurred before Shishakli suggested it; (2) Shishakli convinced USG in position secure Israeli compliance on other matters. I therefore believe situation now as propitious as possible for Johnston visit. Shishakli reiterated that he would be pleased see Johnston and consider on basis interests Syria and other nations any project which Johnston might propose. However in order capitalize on current favorable attitude Shishakli, SC should deal effectively with current Syrian complaint (see Embtel 173 October 29). [2]

MOOSE

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[1] Repeated to Tel Aviv, Beirut, Cairo, Jerusalem, Jidda, and New York.

[2] *Infra.*

No. 717

683.84A322/10–2953: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET NIACT DAMASCUS, October 29, 1953—9 p. m.

173. Deptel 162 October 28, 1953.[2] It is hoped SC resolution will help allay area tensions. With this in mind Department will note reference "Arab refusal negotiate with Israel" inapplicable here. Syrians have been negotiating with Israelis through MAC machinery since October 9, 1952 in effort remove sources friction arising from creation Demilitarized Zone. Negotiations broken off last May under circumstances casting doubt on Israeli good faith (Embtel 163 October 26 and references therein).[2] Syrians look forward to resolution which will satisfy their complaint and provide basis securing Israeli compliance with existing armistice agreement.

In conversation reported Embtel 172 October 29 Shishakli appeared confident SC would rule against resumption work on Israeli diversion project. He strongly counseled against UNSC insistence on direct negotiations between Israel and Arab states for peace treaties (Embtel 163 October 26), asserting in present circumstances only effect such proposal would be to stir up Arab emotions.

As result USG action and Shishakli reaction thereto, believe prospects here now favorable to begin removing points friction between Syria and Israel eventually perhaps inducing GOS favorably consider regional water development proposals. These prospects will be diminished if SC passes one inclusive resolution re Qibya, Jordan waters, refugees and regional water development. In fact broadening text as suggested Deptel 162 include references refugees and water development will lessen impact here of provisions condemning recent Israeli aggressions and will increase impression UN merely Western tool compel Arabs make peace with Israel.

View foregoing suggest for Department's consideration SC devote separate resolutions to Qibya and Jordan diversion affair and that latter resolution be confined: (1) Support Bennike's decision work can not proceed in absence agreement between Israel and Syria; (2) recommendation parties work through UNTSO for elimination Demilitarized Zone and for other adjustments; and (3) provision for SC review question in 6 months to look into compliance. Privately could then be made clear to parties renewed efforts not required through MAC reach agreement re *de facto* frontier which would leave way clear for subsequent consideration bilateral or possibly regional water problems. Such treatment would facilitate progress on the more soluble Palestine problems without requiring simultaneous advances on all.

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Jerusalem, Tel Aviv, and New York.

[2] Not printed.

MOOSE

No. 718

357.AC/10-2953: Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET WASHINGTON, October 30, 1953—7:14 p. m.

202. Re Palestine in SC, urtel 230, October 29. USUN might at its discretion indicate to Riad following are our views re points raised by him:

1. We believe it is desirable as nearly as possible to avoid any extended consideration of Egypt's connection with matter of compliance with and enforcement of the General Armistice Agreements even though in our opinion Israel's actions at El Auja were provocative and properly condemned by MAC. Any serious discussion of El Auja not only is likely to raise possible complex and unsolved questions like Israel's civilian rights in Demilitarized Zone but most surely would be basis for Israelis raising entire matter of Egypt Suez blockade and its relations to SC resolution of September 1, 1951. We are not now sure that Israeli discussion of blockade can be avoided but we intend to give only passing comment to it if forced to say anything about blockade.
2. In view of fact that certain aspects of El Auja incident are presently before Egyptian-Israeli Special Committee on appeal it would seem best to leave matter there for time being. We do not believe that SC could or should rule on right of Israelis to establish Kibutz in Demilitarized Zone without extensive knowledge at its disposal to effect that Kibutz in fact did violate Demilitarized nature of Zone.
3. We do not now envisage any reference to El Auja in resolution we are presently considering.
4. We can not now make undertaking that we will have prior consultation with Arab delegations on resolution. We do intend however if possible to acquaint them as much in advance as possible of what 3 powers may have agreed upon regarding resolutions to be tabled.

DULLES

No. 719

357.AC/10-3053: Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, October 30, 1953—7:31 p. m.

200. For Lodge from Secretary. Following is our thinking on resolutions on Palestine question. Suggest you consult with British and French and such other delegations (including Arabs and Israel) as you consider advisable and advise Department. Your attention is especially invited to paragraph 3 (e) which will require delicate handling as it is sensitive point.

1. Banat Ya'qub and Qibya items should be dealt with by separate resolutions. (Should you believe procedural and tactical reasons make one resolution preferable, please advise).

2. With regard to Banat Ya'qub resolution should:

(a) Take note of Bennike's letter of September 23, 1953 requesting Israelis to stop work in DZ;
(b) Note his authority under Article 5 of Armistice Agreement and call upon the parties to observe his decisions and requests in the exercise of his authority under the Armistice Agreement;
(c) Declare that it is essential that Israel and Syria observe faithfully their General Armistice Agreement;
(d) Remind parties that interpretation of Agreement rests with Mixed Armistice Commission under Article 7, paragraph 8 of Agreement;
(e) Note that instances affecting DZ have been brought before SC for second time;
(f) Hold that existence of DZ itself constitute lasting basis for dispute between Israel and Syria and thereby is threat to stability of area and accordingly Syria and Israel under Article 8 of their agreement should make mutually satisfactory arrangements for abolition of Zone;
(g) Direct Chief of Staff to report to SC on compliance with resolution.

3. With regard to Qibya SC resolution should:

(a) Declare that reprisal action at Qibya constitutes violation of SC cease-fire resolution of 15 July 1948, Jordan-Israeli General Armistice Agreement and Israel's obligation under Article 2, paragraph 4 of Charter.
(b) Hold that all reprisal actions are to be condemned as being inconsistent with UN Members' obligation under Charter.

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[1] This telegram was cleared in draft with Secretary Dulles, Under Secretary Smith, Assistant Secretary Murphy, and Legal Adviser Phleger.

(c) Note that there is substantial evidence of infiltration into Israel from Jordan and request Jordan to take any further steps necessary to ensure infiltration is stopped.

(d) Reminder to parties of their obligations under the UN Charter and General Armistice Agreement not to resort to force to settle their disputes

(e) Express the Council's concern at the failure of the parties to achieve progress toward a lasting settlement of the issues outstanding between them by peaceful means.

(f) Direct Chief of Staff to report to SC within given time on compliance given to resolution.

(g) Request Secretary General to furnish such additional personnel and assistance as Bennike may request.

4. With regard Qibya: I would appreciate your views after consultation with British and French on whether SC might hold that Israel should pay reasonable compensation.

5. I do not believe that Truce Supervision Organization can be strengthened by having Committee of Experts sent to area to consult with or assist Bennike. I believe it is important that we not create any new UN body now in connection with Palestine question however temporary its purpose. If it is felt that expert advice is needed you might suggest that Secretary General in conjunction with Bennike might submit a report to SC within stipulated period of time on how if possible TSO could function more effectively.

6. Suggestions for US statement will follow.

DULLES

No. 720

120.280/11–153: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, November 1, 1953—10 a. m.

176. From Johnston. Moose and I with Bergus, Barnes, Clark had two hour session Shishakli this morning. At conclusion the door remained open, I had assurances Syria would study and consider Jordan Valley plan, and I would be welcome if I returned for further discussions. Shishakli's attitude was as follows:

1. He steadfastly insisted on hinging Syrian acceptance of TVA plan on Israel's "compliance with UN Resolutions". Obviously a large element of political self-protection in this position which might become less categorical later on but I was unable to move him from it despite every possible effort do so.

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[1] Repeated to Amman, Beirut, Cairo, and Tel Aviv.

2. He was interested in (a) military aid, (b) our help in liquidating DZ's, (c) other economic aid. He insisted however that these matters were entirely separate from the Jordan Valley development plan. While undoubtedly recognizing our willingness to cooperate in other measures as *quid pro quo* of Jordan Valley cooperation on his part he refused to accept it as such at this time. He agreed discuss these three matters with Moose however while at same time considering final position on Jordan plan.

3. He had not studied the TVA plan nor had any of his engineers but from what he had seen of it he was not pleased. He feels that it disregards Syria's legitimate rights and took position that Syria had right to half of the waters of the Jordan between Huleh and Tiberas. Also mentioned possibility of diverting Banias before confluence with Jordan. We assured him that reasonable modifications of plan were possible provided they were economic and did not involve the wastage of precious water merely to keep it from someone else who could use it economically.

4. He was not impressed by the suggestion that the TVA plan could be accepted by the several parties through unilateral declarations instead of multi-lateral agreement.

Comment: At least the door is open. Even more than in Jordan I encountered a disposition to premise future action upon the correction of past alleged injustice.

Shishakli wants US economic and military cooperation but seemingly not at the price of having to cooperate with US in any step indicative of *rapprochement* with Israel. While the political unreality of his position re partition, refugees, and other matters previously covered by UN resolutions may be apparent to us it is also apparent that stern political realities here make it difficult for him to take any other attitude. The crack in the door may be widened but it will take a great deal of persuasion and pressure to do it.

MOOSE

No. 721

120.280/11–353: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

SECRET BEIRUT, November 3, 1953—4 p. m.

400. From Johnston. Conferred lengthily November 2 with President Chamoun, Prime Minister Yafi and President Chamber Deputies Osseiran and on November 3 with Foreign Minister Naccache. [2] Received cordially by all with clear evidence of interest.

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[1] Repeated to Amman, Cairo, Damascus, Baghdad, Jidda, and Tel Aviv.

[2] Telegram 403 from Beirut, Nov. 4, contained the following report from Johnston:

Continued

Tendency to discuss project in context of past events and area political issues less pronounced than elsewhere and officials appeared willing evaluate plan on merits. This particularly true of Chamoun, Yafi, Naccache.

Agreed no action now and Government of Lebanon will study plan in detail preparatory to definitive conversations later on. Small benefit in plan to Lebanon did not appear dismay officials but they showed pronounced interest in assistance with other projects. Litani mentioned. Hare and Peter will file report on aid requests received from Government of Lebanon in last several days obviously in anticipation up-coming talks re TVA plan. General agreement members of my party that attitude here more realistic and favorable than anywhere else.

Prime Minister stressed need for steps to "improve psychological atmosphere." Mentioned possible Israeli territorial concessions to permit refugee resettlement. Stated US economic aid which had hitherto been granted Arabs drop by drop could go far toward creating better atmosphere and should be negotiated without direct reference Arab acceptance TVA proposal. I told him we prepared to give serious consideration any suggestions Government of Lebanon might make.

Naccache and Ammoun of Foreign Office exceptionally forthcoming and receptive. Unnecessity of agreement with Israel and possibility elaborating regulatory authority impressed and interested them particularly.

Shishikli and Yafi hinted it might be advisable visit Baghdad. Following telephone conversation with Berry last night I now await this final recommendation and plans depend on that.

HARE

"Lebanese Foreign Minister asked me call on him alone and privately afternoon third. He expressed his personal conviction that TVA proposals were sound and that it was to Lebanon's interest cooperate in their implementation. Pointed out Moslem-Christian differences in country and went on to say Christian elements would support plan. He had personally intervened with Prime Minister before my discussions with him on November 2 and I could count on his further cooperation. He looked forward my return visit." (120.280/11–453)

No. 722

683.84A322/11-353: Telegram

The Secretary of State to the Embassy in Syria [1]

SECRET WASHINGTON, November 3, 1953—6:23 p. m.

171. Syrian Ambassador Zeineddine in meeting with Jernegan Nov 2 stated re Banat Yaqub: As of A.M. Nov 2 work was continuing at dam site by at least 25 workers allegedly engaged in repairing leaks in dam. However, outside of Demilitarized Zone tractors and bulldozers were continuing excavation to tie in with DZ. This indicated Israel had every intention resume work in DZ at some future date no matter what decision UN Security Council takes. He cited agreements of 1922, 1923 and 1926 re Jordan river between the UK (for Palestine and Jordan) and France (on behalf Syria). Zeineddine pointed out Ambassador Eban insisting before UN and US public (a) Israel Government not obligated by General Armistice Agreement to make agreement with Syria on Banat Yaqub, (b) Banat Yaqub project not inconsistent with TVA unified plan, (c) authority of TSO chief requires no strengthening. In Zeineddine's view this adds up to future unilateral action by Israel.

Zeineddine stated Syria giving TVA plan serious open minded study from technical standpoint.

With regard US aid to Israel he hopes that US will again stop aid in event Israel fails comply with UN SC decision supporting Bennike.

In response Jernegan's hope Syria would not place itself in position of resisting all development of Jordan Valley, Zeineddine stated that if Banat Yaqub project is killed Syria will not adopt "dog in manger" attitude but prepared study all development plans with open mind.

In response Jernegan's inquiry re Syrian willingness eliminate Israel–Syria DZ, Zeineddine indicated that if Banat Yaqub project killed Syria would be prepared resume MAC discussions with Israel Government looking toward Syrian Armistice border on waterline Jordan River Lake Tiberias.

Comment: Appears Zeineddine is more interested in strategic position of Jordan channel and in preserving Syrian frontage thereon than in economic aspects Israel use Jordan water.

DULLES

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[1] Sent also to Tel Aviv as telegram 351; repeated by air pouch to Amman, Beirut, Baghdad, Cairo, Jidda, Jerusalem, London, Paris, and New York.

No. 723

611.85/11-453: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET AMMAN, November 4, 1953—11 a. m.

213. Developments during past few weeks seem to demand careful review of our current policy to make sure that through no ill-advised or precipitate action we make achievement of our objectives in the Middle East impossible.

Resentment in Jordan against US appears stronger today, November 4, [apparent omission] remaining reservoir of goodwill is lower than at any time since the US recognized Israel in 1948. Fact is our prestige here has struck new low.

Increased resentment stems mainly from three developments (Embtel 209) [2] which Jordanians have interpreted to the distinct disadvantage of the US:

(1) Secretary of State's statement indicating US determination to support UN decisions by suspending US economic aid immediately to any Middle East country disturbing peace of area which defies or disobeys UN decisions. Jordanians are invariably omitting reference to qualifying phrase "disturbing peace of area" and believe US policy is now to use threat of economic sanctions as lever to secure acceptance of any UN decision. Because Jordanians are able to cite past evidence of the US having given little more than lip service to UN decisions, this new US policy line appears to them not only inconsistent but, because of its timing, to be aimed more at the Arabs than at Israel.

(2) Alleged US action in Security Council October 29 preventing SC taking steps reprimand Israel for Qibya attack. I do not know what is meant by this allegation unless it refers to possible US efforts broaden scope SC resolution to include general border situation. In any event, Jordanians believe Qibya massacre in itself serious enough to deserve separate treatment.

(3) News reports that US will withhold aid to states not prepared to accept US proposals for unified use of Jordan waters. Jordanians will hotly resent such a threat. Rather than surrendering to threats on matter of cooperation with Israel, they are prepared to continue to live at a level of sub-standard subsistence, as they have for thousands of years.

In view of increased presentiment provoked by recent US course of action, it might be well to review basis US objective in area. Although these objectives are taken from such highly classified documents as recent NSC papers, this is sufficiently self-evident to be printed without damage on front-page of *New York Times*. Based on the premise that security of US would be endangered if Middle East were to fall under Soviet influence, these objectives are, generally speaking, to obtain:

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[1] Repeated to London, Beirut, Baghdad, Cairo, Damascus, Jerusalem, Tel Aviv, and Jidda.

[2] Not printed.

1. Stable, friendly governments in area capable withstanding Communist-inspired subversion.
2. Settlement major issues between Arab States and Israel with view eventual peace.
3. Change present anti-American trends in Arab world in hope of preventing increased Soviet influence.

Bearing in mind current trends in Jordan which are more and more adverse to position and prestige of west, is US making progress toward achievement of these objectives? I submit that we are not, that we are losing sight of our objectives and that we have reached in our thinking extremely unfortunate stage where, with a seriously dangerous lack of realism, we are prepared to disregard Arab psychology in the interest of what we consider "hard common sense". This road, in my opinion, can only lead to disaster in our relations with the Arabs. For instance if we are to get anywhere we must accept as a reality the fact no Jordanian leader would dare adopt a policy which can be presented by his political opponents as meaning cooperation with Israel. Not only his political future, but his life, would be at stake.

Use of pressure in form of threats to withhold economic aid of our plan for use of Jordan waters is rejected would practically remove all possibility attainment our objectives and play into the hands of the Communists and rabid nationalists of area. Result of such threats will be that we will be told to keep our aid and withdraw Point IV as well. Believe we should stop and think before proceeding any further along such a dangerous path.

LYNCH

No. 724

120.280/11-653: Telegram

The Ambassador in France (Dillon) to the Department of State [1]

SECRET PARIS, November 6, 1953—7 p. m.

1800. Ambassador Johnston saw Foreign Minister Thursday evening and gave him account his trip in some detail. Foreign Minister said that Johnston's own estimate of extent to which various governments of countries visited has been receptive to general idea agreed with his own reports.

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[1] Repeated to Tel Aviv, Beirut, Damascus, Amman, Cairo, and London.

Foreign Minister referred to question of Jerusalem and said he had conducted private inquiry into present mood and thinking Vatican on subject. Result was that Vatican continues firmly opposed with no sign at present of wavering. He added he would, however, continue watch situation and see what opportunities might arise be helpful in direction Ambassador Johnston had suggested.

Foreign Minister repeated that France "in spite of foolish things sometimes said in United Nations" was not entirely without influence in Syria and Lebanon and this area generally, and that he would be glad examine in what way he might be able help things along.

General impression Foreign Minister sympathetic objectives Johnston mission, pleased to be in position help, and personally well-disposed.

DILLON

No. 725

684A.86/11-1053

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State [1]

SECRET [WASHINGTON,] November 10, 1953.

I hope you can find time to read the attached paper on "Trends in Israel Policy". I believe this staff paper represents an accurate analysis of the situation. It is interesting to note that the reporting from Israel itself is in balance with the reporting from the Arab states and that both lead to the conclusions in this paper.

I told you this morning there are reports that the Zionists in London were attempting to prevent a UK-Egyptian agreement. If this can be verified it would further support the conclusions of the attached paper.

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[1] Sent through the Executive Secretariat; copies were sent also to Under Secretary Smith and to Acting Deputy Under Secretary Murphy. A marginal notation by O'Connor indicates that the memorandum was seen by Secretary Dulles.

[Attachment]

Paper Prepared in the Bureau of Near Eastern, South Asian, and African Affairs

SECRET [WASHINGTON, undated.]

TRENDS IN ISRAEL POLICY TOWARD THE ARABS

DISCUSSION

Israel publicly insists that her policy is based on a "vision of peace of the Prophets of Israel" and she castigates the Arabs for adamant refusal to negotiate peace. Despite her deeds, which have been such as to preclude a reasonable settlement, Israel has made considerable progress in the propaganda battle to convince the American public of the justice of her case.

Arab unreasonableness is well advertised. Matters in which Israel may be considered at fault are as follows:

(1) Ambassador Eban recently laid blame on Syria for the breakdown of discussions from November 1952 to May 1953 in the Mixed Armistice Commission on elimination of the Demilitarized Zones. Actually, they failed over Israel's demand for complete control of the Jordan River. Regarding these talks, the chief Israel delegate cynically asserted: "We are doing it only to please the Americans" as nothing much can be settled. (Jerusalem's 81, October 21, 1953) [2]

(2) Informal agreement reached in Jordan–Israel talks in August, 1953 through the Mixed Armistice Commission to effect frontier rectifications by reciprocal exchanges to territory was blocked by last minute Israel demands for two additional hills. (Jerusalem's 29, September 2, 1953; 81, October 21, 1953; and 86, October 29, 1953)

(3) Sudden series of border incidents perpetrated by Israel: August 28, 20 Arab refugees killed in the Egyptian occupied Gaza zone; during September Arab bedouins and flocks shot by armed forces in the El Auja Demilitarized Zone; and on the night of October 14/15, attack against the Jordanian village of Qibya. These incidents followed a relatively quiet period. All have been condemned by the Mixed Armistice Commission. General Bennike's report to the Security Council on the border situation makes clear Israel's reliance on the "old law of talon".

Information received by the Embassy at Tel Aviv and the Consulate General at Jerusalem indicates that the Qibya attack may have been a deliberate Israel effort to provoke an engagement with the

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[2] None of the telegrams referred to in this paper is printed.

Arab legion. (Tel Aviv's 469, October 17, 1953, Jerusalem's 81, October 21, 1953)

(4) Arrogant and obstructive Israel attitude towards the United Nations Truce Supervision Organization. Failure to heed General Bennike's letter on Banat Ya'qub construction; refusal to cooperate in General Bennike's inspection of Mount Scopus; threat to fire on chairman of Egyptian-Israel Mixed Armistice Commission.

(5) The Banat Ya'qub water diversion project was undertaken suddenly, was accelerated after General Bennike's decision, and does not fit into previously discussed Israel development plans for the current fiscal year. Reports from the field have speculated that it was an Israel attempt to create a situation in which the Arabs would be forced to reject the Tennessee Valley Authority desk study. (Tel Aviv's 557, October 31, 1953) The Israel actions have tended to nullify the Johnston mission. Despite Sharett's promise to consider the Tennessee Valley Authority study, it was vigorously attacked and rejected by Minister without portfolio Lavon on October 31, who described it as "designed to stunt our growth". In the same speech, Lavon asserted that the resumption of United States aid to Israel was due to pressure of American domestic politics. (Tel Aviv's 569, November 3, 1953) The general reaction of Israel's press has been critical and emotional, contending the plan would interfere with Israel's own ideas.

The water resources and development adviser to the United States Operations Mission at Tel Aviv states that the Israel master plan for irrigation will practically eliminate the inflow of water into Lake Tiberias. The salt content of Lake Tiberias will then become so great as to make it unfit for irrigation. He reports that the Israel water resources people "assume that the full right of all the flow entering Lake Tiberias is theirs and also, since they are now using approximately one third of the Yarmuk summer flow, they feel as though a portion of that river's flow belongs to Israel." (Tel Aviv's despatch 366, October 6, 1953)

(6) Recent pronouncements by Israel leaders appear deliberately provocative to the Arabs. In his talk on October 20 regarding the Qibya incident, Ben Gurion stated: "All the responsibility rests on the Jordan Government which for years has tolerated and thereby encouraged acts of murder and pillage against the inhabitants of Israel." On October 25, before the Jerusalem Economic Conference, he dwelt on such themes as readiness to accept two million additional immigrants and re-affirmation of Jerusalem as the Israeli capital, which has provoked strong condemnation from the Arab press.

CONCLUSION

An assessment of Israel's deeds, as distinct from her declarations of intent, leads to the conclusion that her policy is either to: (1) coerce the Arabs into "peace" on Israel's terms (which is an impossibility); or (2) prevent the restoration of stability in the belief that the present unsettled situation in the Near East is in Israel's best interest. Possible reasons for this second objective would be: serve as an excuse for failure to achieve a permanent solution to economic problems; prevent alterations in the military balance by making it difficult for the Western Powers to provide arms to the Arabs; future expansionist plans.

In either case, Israel policy has served to counter United States endeavors to stabilize conditions in the area. Believing implicitly in the justice of their own cause, the Israelis appear unable to show the realism required for a successful adjustment into the Near Eastern environment. In the early days of the state, an almost mystical belief in the Zionist ability to perform "miracles" made the impossible appear readily obtainable. Failure of the expectations aroused, has intensified Israel's latent feeling of frustration and insecurity and induced resort to the heedless and provocative acts recently undertaken. These factors make Israel's unpredictable and uncontrollable dynamism, rather than the static negativism of the Arab states, the major present source of danger in the Near East.

The following are sample recent telegrams bearing on Israel's attitudes:

[Here follows a list of eight documents: The six telegrams and one despatch referred to in the body of the paper, and telegram 213 from Amman, Document 723.]

No. 726

120.280/11-1053: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State

CONFIDENTIAL LONDON, November 10, 1953—7 p. m.

2052. Department please pass other posts in its discretion. At Foreign Office today Johnston encountered considerably more favorable attitude toward Jordan Valley plan than month ago. In meeting presided by Roger Allen, Assistant Under Secretary, and attended by Embassy representatives, Johnston outlined results his mission.[1]

British appeared impressed by his accomplishments which they described as "remarkable". No decisions reached except that British agreed with Johnston that plan would require further careful study and preparation and undertook do their best support subsequent mission early next year. Only British reservation was fear that laying too much emphasis on necessity of acceptance of plan might "put us in embarrassing position" if opposition of states concerned proved to be insurmountable.

I then took Johnston to see Eden who was most cordial. After Johnston had explained his reception while on the mission, Eden said that he thought that Johnston had done remarkably well to have kept the door open. Johnston explained that he was seeing the press immediately afterwards and at his suggestion Eden wrote out following statement for him to use:

> "Mr. E. Johnston had a talk with Mr. Eden who told him HMG were considering his very interesting report, and hoped to have further discussions upon it at an early date."

ALDRICH

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[1] A memorandum summarizing this meeting was sent as enclosure 1 to despatch 1786 from London, Nov. 16, not printed. (120.280/11-1653)

No. 727

684A.85322/11-1153: Telegram

The Chargé in Jordan (Lynch) to the Department of State[1]

CONFIDENTIAL AMMAN, November 11, 1953—11 a. m.

225. Bunger and I summoned in audience by King today, November 10, who wished to discuss Yarmuk and TVA plan. The King first inquired whether there was to be a delay in the development of the Yarmuk as a result of the new so-called broader plan. I replied that United States was now thinking in terms of the plan to which Johnston mission had given its support on recent visit. King then said that there was no possibility now or for years to come of cooperation or collaboration direct or indirect by Jordan with Israel. He reminded us of Israeli attitude as exemplified by organized armed massacres and elimination of whole villages by Israeli troops and pointed out, too, that Israel's attitude was clearly shown

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[1] Repeated to London, Paris, Damascus, Beirut, Baghdad, Cairo, Jerusalem, Tel Aviv, and Jidda.

by recent Upper Jordan diversion attempt. He asked why could we not go on with the scheme as originally envisaged.

I explained the necessity for the President to go to the Congress to obtain money for the project and I emphasized the necessity to show that the money was to be spent in the most economic manner, that all the waters of the Jordan were to be developed and that the greatest good had to be done for the greatest possible number of persons. I explained that there were elements in the original plan which would be common to the broad scheme and Bunger supported me by pointing out the advantages of unified use of waters.

King then said that situation in his country daily becoming worse and that growth of Communism among all refugees, both in and out of camps and in the villages, was on the increase to most disturbing degree. He was desperately anxious to prevent any blow-up and to hold his people back. He feared he could not long do so if Israeli aggressions continued. Even now by using his influence in restraining manner he was playing with fire. To support any action which could be twisted even into the appearance of cooperation with Israel would mean that he would be swept away and so would the better elements in this country. He felt it of the greatest urgency that something be done at the earliest possible moment to settle refugees but it could not take the form laid down in the desk study. . . .

I pointed out that the engineering survey was still in progress and expressed the hope that the King would not take at this time a completely adamant attitude against the broad scheme. He replied by saying that it was a waste of time not to state his position now. It was then explained to him that the engineering survey must be completed before any kind of plan was adopted and I urged that at least he not close the door any more at this time than had already been done by his government. I asked him at least to wait until he saw what the results of the engineering survey were. Bunger pointed out that certain aspects of the work which would be common to any plan which might be adopted could be begun within comparatively few months. The King expressed the view that the beginning of such work would in some measure relieve existing tensions. He made it clear, however, throughout the interview which lasted one hour that the plan as presented in the TVA desk study was not acceptable to Jordan.

Comment: It was apparent to me that this summons by the King was for the purpose of conveying the final considered opinion of the King and his government on the TVA plan. In order fully to appreciate views set forth by young King in the interview (views enunciated by him with grace, understanding and considerable force), I urge that this telegram be read in conjunction with Embtels 771, 102, 129 and 152.[2]

I think that the time has now come to recognize that, despite the extremely able and persuasive presentation of the TVA plan by Mr. Johnston, the reception accorded him in Jordan was, in fact, the minimum demanded by the requirements of traditional Arab hospitality. I feel I would be remiss in my duty if I did not make it clear to the Department that in my view if the door in Jordan ever was open it is now shut tight.

LYNCH

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[2] None printed.

No. 728

684A.86/11-1453: Telegram

The Secretary of State to the United States Mission at the United Nations

SECRET
PRIORITY

WASHINGTON, November 14, 1953—1:47 p. m.

227. For Lodge. We do not believe we should modify our plan to table in SC Qibya resolution as now drafted because of Eban's speech of November 12.[1] Furthermore, we hope your remarks in supporting resolution[2] will conform to text sent USUN.[3]

Eban's call for Israel–Jordan talks at UN and emphasis on progress towards peace, while perhaps effective in mustering public support for Israel position, not likely in practice to contribute to improving Near Eastern situation. We see no prospect whatsoever that Jordan, particularly at this time, would consent engage in such talks with Israel. Bennike's reports demonstrated Israel's culpability for Qibya incident and we believe she should be censured for this attack both as deterrent to repetition and as essential move to counter Arab conviction neither UN nor US prepared act against Israel. Reports from field indicate strength of Arab reaction against US stemming from Qibya and Banat Ya'qub incidents and our asserted stalling in UN. We believe action as planned necessary accomplish our present objective of dispelling Arab distrust of our motives as prerequisite to use our influence in guiding them towards eventual settlement. Despite Eban's emphasis on Israel's general desire for "peace", we have no evidence to indicate she prepared follow course which in practice will make settlement possible. We think that following SC action immediate security problem should be met by concrete measures taken on spot, and that step by step approach offers best prospects for eventual over-all settlement.

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[1] U.N. doc. S/PV. 637.

[2] The pending draft resolution on the Qibya incident, sponsored by France, the United Kingdom, and the United States, was introduced as S/3139. Department of State documentation concerning drafting changes is largely contained in file 684A.85.

[3] For the text of Ambassador Wadsworth's remarks as delivered in the Security Council on Nov. 20 in support of the draft resolution, see U.N. doc. S/PV.640. For the text of the revised draft resolution as adopted on Nov. 24, see Document 738.

We think it preferable to avoid public comment on Eban proposal. (In any case we should not express our views until after speech by Jordan representative.) If you then believe comment necessary either in your SC statement or talks to press, we suggest following:

> "US welcomes any practical steps which could be taken to improve security situation on borders between Israel and the Arab States. It doubts, however, whether the proposal of the Delegate of Israel represents the best method of accomplishing desired results. US believes discussions on the spot through the established United Nations Truce Supervision Organization machinery are more likely to produce definitive improvements in situation. It might be particularly helpful to explore means of strengthening 'local commanders' agreement'. which, according to the report of Chief of Staff of the United Nations Truce Supervision Organization to Security Council, has been useful in reducing border incidents."

We think Qibya resolution should be tabled as soon as practicable both to allay charges of procrastination and prevent possible embarrassment to us of having to vote down any unacceptable Arab resolution introduced. Therefore, provided French and UK concurrence obtained, we hope you can table Qibya resolution in concert with other two powers November 17. Since Jordan statement expected November 16 this appears to be earliest date which will permit us maintain position views both sides considered. We hope tripartite agreement on Banat Ya'qub resolution will be possible in time permit its introduction November 18.

In view strong desires Arab delegations we believe it is important that you show interested parties text of Qibya resolution November 16. Agreement of UK and French delegations to this procedure should be obtained.

DULLES

No. 729

884A.00 TA/11-1553: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL PRIORITY TEL AVIV, November 15, 1953—1 p. m.

592. Joint Embassy-USOM. McDaniel and White are meeting with Israel Finance Ministry tomorrow morning (Usfoto 205)[1] and expect to obtain additional information on short term liabilities which will assist in consideration of Sherman request.

While default by Israel Government would have adverse economic and political effects (Embtel 1965, June 26)[2] it is important that we not permit Israel Government use threat of default to justify unwarranted diversion grant-in-aid funds for short term debt purposes. (Embtel 1919, June 16)[2] Experience has shown that Israel Government tends to operate its short term debts at or beyond uppermost manageable limits. Large US cash releases in fiscal year 1952 and 1953 have resulted in only meager improvement relative to magnitude of problem and its recurring character. (Embtel 1567, April 11)[2]

Political considerations inevitably involved in any action taken on Sherman request. US policies to fill free world security vacuum in this area have been based upon belief it is essential to create confidence of Arabs in objectivity and even-handedness of US toward countries in area. Near East trip of Secretary and Stassen, refusal of western powers to accept Israel Government's *fait accompli* approach to Jerusalem in moving of Foreign Ministry, US backing of UN following Israel Government refusal comply with Bennike request in Banat Yaacov construction, and US participation in general disapprobation of Qibya raid—have gone far to convince both Israel and Arabs of our desire to work equally with both sides in reducing tensions. Israel Government has given numerous indications of its dislike of this policy (Embdes 58, July 14)[2] but it has increasingly come to accept it as fact. It is important that it continue to realize that efforts to thwart such a policy will be in vain. There is possibility that sudden approach in Washington without any indication here of current financial crisis, may be effort, at exact moment Security Council may vote a censure of Israel, to secure an action by us which would be generally regarded as going beyond letter and purport of Mutual Security Act, and which Israel Government could publicize to Arab world as indication ability Israel Government obtain special consideration from US, thus undermining confidence of Arabs in statements by Secretary, Stassen and Johnston. Effect on Israel Government of success in such an effort might be equally unfortunate in that it would weaken our efforts to convince Israel Government it cannot succeed in policy of aggressiveness and disregard of rights and views of other interested peoples. (Deptels 276, 319).[3]

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[1] Message from the Foreign Operations Administration to the Operations Mission at Tel Aviv, not printed.

[2] Not printed.

RUSSELL

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[3] Telegram 276, dated Oct. 9, not printed, but see footnote 1, Document 698. Telegram 319 is the same as telegram 183 to Amman, Oct. 22, not printed, but see *ibid.*

No. 730

783.5 MSP/11-1753: Telegram

The Ambassador in Syria (Moose) to the Department of State

CONFIDENTIAL DAMASCUS, November 17, 1953.

197. President Shishakli today asked me to call and told me he approved in principle Department's suggestions re economic aid program to Syria set forth by Jernegan in conversation with Ambassador Zayn al Din September 29. Shishakli hoped Department would agree to early detailed discussions in Damascus looking to conclusion agreement for US aid on Ghab, Jezira roads and Latakia harbor project.[1] He stressed nesessity of assuring sufficient credits to carry projects to completion and indicated IBRD loans of interest only if supplemented by US economic aid. Said Syria plans secure technical advice and assistance from IBRD mission which will begin work here early 1954 planning "next state" projects, namely, Barada hydroelectric, Orontes and Khabour River development. He ignored alternative projects suggested by Zayn al Din.

Shishakli said he greatly interested in military aid and hoped have early talk this subject.

Comment follows.[2]

MOOSE

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[1] In telegram 222 to Damascus, Nov. 28, the Department authorized the Embassy to proceed with detailed discussions on special economic aid to Syria with respect to these projects. (783.5 MSP/11-1753)

[2] This conversation was discussed in detail in despatch 320 from Damascus, Nov. 17, not printed. (783.5 MSP/11-2753)

Ambassador Moose reported further in telegram 199 from Damascus, Nov. 17, 5 p.m., that Shishikli had in the conversation of that day requested him to convey to

Continued

No. 731

884A.00 TA/11-1753: Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET PRIORITY TEL AVIV, November 17, 1953—5 p. m.

598. Joint Embassy-USOM. With reference to Usfoto 205[1] and Embassy telegram 592,[2] USOM and Embassy officers met yesterday with Finance Ministry officials and Kollek, Director-General, Prime Minister's office, concerning Israel's short term debt. Despite our efforts to obtain specific data to support deficit estimates Finance Ministry was unable to present precise figures. Although some facets of this problem remain obscure and will be explored in more detail tomorrow when Israel officials will present more precise figures on October–December position, the following is the basic situation as it emerged from yesterday's discussion:

(1) Evidence submitted indicates that unexpected problem did not arise because expenditures have exceeded budget or from failure of most sources of income to equal budgeted amounts.

(2) The immediate situation, although difficult, is not as extreme as is reflected by gross figures submitted in Washington November requirements $18,000,000 and revenues $8.8 million. Actual set requirement new money to meet expenditure-receipt gap during balance of November was given by officials here as 44,000,000. None of these officials indicated that default was planned or necessary in the absence of United States Government's cash relief, although they were careful to point out that November–December situation was more difficult than they had anticipated because of the failure of their October operations to work out as planned. Furthermore, Israel officials made it clear that delay in release of grant-in-aid funds was not a primary factor in November–December payments problem. Finally, one of Israel officials implied that cash release was being pressed by Israel Embassy Washington in order not to let opportunity challenge section 105[3] to go by default.

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the Department his hope that the United States would continue to demonstrate a friendly attitude toward Syria by supporting in the Security Council the Syrian position with respect to the Israeli diversion project in the demilitarized zone. (683.84A322/11-1753)

[1] Not printed.

[2] Document 729.

[3] Reference is presumably to section 105 of the Mutual Security Appropriations Act for the fiscal year ending June 30, 1954, approved Aug. 7, 1953 (P.L. 218; 67 Stat. 478). Section 105 of the Act reads in part as follows:

"None of the funds provided by this Act nor any of the counterpart funds generated as a result of assistance under this or any other Act shall be used to make payments on account of the principal or interest on any debt of any foreign government or on any loan made to such government by any other foreign government; nor shall any of these funds be expended for any purpose for which funds have been withdrawn by any recipient country to make payment on such debts."

(3) In October unexpected difficulties arose because of a combination of factors, including lower than expected United Jewish Appeal, cash receipts and transfer bulk of this income to repayment United Jewish Appeal bank loans incurred in early part of the year; tightening up of private banking and individual credit sources, perhaps partly as result uncertainties repayment created by suspension United States aid. End result of these October developments was reduction Israel's cash balances in New York banks and increased borrowing on less than 60 day terms which of course aggravates November-December problem.

(4) A further disappointment has resulted from fact that New York banks, whose representatives recently visited Israel, are not prepared to help in meeting December problem as had been hoped.

(5) It would appear that, in absence of United States Government cash release, Israel Government would have to look to following possible sources to meet problem during the balance of the year:

> (a) United Jewish Appeal bank borrowings (this appears a reasonable possibility in view of fact that United Jewish Appeal reduced its indebtedness to New York banks from $17,000,000 end of August to approximately $5,000,000 at end of October);
>
> (b) Israel Government is working on project through Bank Leumi to obtain through private and unofficial channels dollar credits against future repayment in sterling from citrus export receipts;
>
> (c) Recourse to private banking and individual sources to refinance less than 60 day credits coming due before end of the year. It is possible that this source may prove more responsive now that some of uncertainties in financial picture have been removed by resumption of United States aid.

The preponderance of the evidence available indicates that the immediate problem is of smaller dimension than set forth by the Israel representatives in Washington and that, in the absence of unforeseen unfavorable developments, the Israel Government should be able to avoid a general default in the near future.

We do not recommend cash release. Situation will, however, require constant review.

Any significant facts emerging from tomorrow's meeting will be cabled.

RUSSELL

No. 732

120.1580/11-1753

Report by the President's Special Representative (Johnston) to the President

SECRET [WASHINGTON?,] November 17, 1953.

REPORT TO THE PRESIDENT ON NEAR EAST MISSION

SUMMARY OF CONCLUSIONS

United States policy toward the Arab-Israel dispute should aim at practical solutions of practical problems. A political settlement is not possible at the present time.

The United Nations report proposing unified development of the resources of the Jordan Valley represents a practical approach to the basic question of the Arab refugees, the potentially explosive problem of rights to the waters of the Jordan, and the tangled boundary situation.

The Jordan Valley project should therefore be pursued as a central element of American policy in the Near East. Decisions with respect to American political support and economic assistance should be conditioned upon the attitude displayed by the states concerned toward the United Nations proposals.

The Jordan Valley program should be pressed through a second visit to the region in the near future.

REPORT TO THE PRESIDENT ON NEAR EAST MISSION

In pursuance of the mission you entrusted to me on October 7, 1953, I have held initial discussions in the Near East with the Governments of Jordan, Israel, Syria, Lebanon and Egypt.

These discussions had a specific objective: to emphasize the importance which the United States attaches to the recent United Nations report, *Unified Development of the Water Resources of the Jordan Valley*, and to urge the states concerned to consider with an open mind the forward-looking proposals it contains.

They have without exception indicated willingness to do this, and to undertake discussions on a more definitive basis in several months' time.

This understanding was obtained in an atmosphere of extreme tension deriving from certain incidents which had inflamed public opinion to the danger point just prior to my arrival in the area. It would be difficult to imagine circumstances less conducive to favorable reception of the Jordan Valley proposals, and it is my opinion that only the weight of your personal representations prevented their rejection out of hand. As the result of your indication of personal interest, the way is now open for further consideration of the project and, we may hope, for its eventual acceptance.

In the course of my conversations with leaders in the area, I also took the opportunity of exploring present attitudes on certain of the issues now existing between the Arab nations and Israel with a view to determining what steps, if any, might be taken to remove, or at least ameliorate, the tensions between them.

CONCLUSIONS

As a result of these initial conversations I have reached certain conclusions with respect to the Jordan Valley program and the political situation in the region as a whole:

a. The proposed plan for unified development of the resources of the Jordan River valley offers the best available key to solution of the long-standing Arab-Israel impasse. If we grasp the key firmly and turn it carefully, it may open the way to eventual *rapprochement* between the parties to the Palestine dispute.

In this sense, the Jordan Valley program must be considered as more than an engineering project involving the construction of dams, irrigation ditches and power installations. It should be considered, in political terms, as a means of constructing the foundation on which peace in the area may ultimately be built.

I say this because the program for the Jordan Valley represents a practical approach to certain of the basic problems underlying present frictions and antagonisms in the area.

It offers an equitable means of settling the explosive issue of rights to the waters of the Jordan River and its tributary streams.

It offers a realistic beginning toward a permanent solution of the urgent problem of the Arab refugees.

It offers a sound practical reason for taking immediate steps to eliminate the troublesome demilitarized zones between Israel and Syria, and Israel and Jordan, and to adjust the tangled and unsatisfactory boundary situation in other areas.

It establishes the principle of mutual interest in seeking to resolve the differences between Israel and her Arab neighbors on a practical basis quite outside the context of political claims and without prejudice to ultimate political decisions.

For these reasons, the concept of unified development of the Jordan Valley should be advanced and supported as a central element of United States policy with respect to the countries concerned. American political and economic cooperation with these countries should be determined in the light of their willingness to accept and abide by the principles embodied in the plan.

The United States should take the strong position that the proposals regarding the Jordan Valley represent a constructive effort to remove the waters of the Jordan from the area of controversy. They are fair and equitable to all the states concerned. Technical objections or suggested modifications on the part of any of the interested states will be considered on their merits, but rejection of the program by any state on purely political grounds would compel the United States to reconsider its whole position with respect to economic cooperation with that state.

b. With respect to the Arab-Israel conflict generally, it is clear that we dare not leave the problem to solve itself. The peril of a policy of drift, based on the assumption that time will iron out the difficulties, has been demonstrated by the recent outbreak of serious border incidents, the quarrel over water rights on the upper Jordan, and other events. The situation is, in fact, deteriorating rather than improving, with resultant danger not only to the security of the Near East but of the world.

The impasse can be broken, in my opinion, only by the exertion of strong pressure from the outside, mainly by the United States, Britain, and France, in behalf of measures calculated to remove irritants and promote indirect cooperation between the parties on a practical rather than a political level. In the present climate in the region, there is no possibility whatever of a negotiated settlement. United States policy should therefore contain the following elements:

1) The overriding purpose of the United States in the Near East is to reestablish conditions of peace and stability essential to social and economic progress.

2) The Government of the United States is prepared to cooperate with the Arab countries and with Israel, both directly and through the United Nations, in any measures that contribute to this end.

3) American economic assistance should be conditioned on the willingness of the countries concerned to seek and adopt constructive measures calculated to reduce the area of controversy and eliminate immediate causes of friction.

DISCUSSIONS ON THE JORDAN VALLEY REPORT

In my conversations with the leaders in the region, I expressed the position of the United States in the frankest possible terms and substantially as follows:

One of the most controversial issues between the Arab countries and Israel involves the use of the waters of the River Jordan. Touching upon four sovereign stages, this international river can become either a blessing or a curse for the people of the area. Fairly divided and harnessed for irrigation and power, its waters can bring some two hundred thousand acres of land in the Jordan Valley into productive use and provide an economic base for hundreds of thousands of people. On the other hand, if left open to unilateral appropriation and development, the waters of Jordan can become the cause of further controversy, increased friction, bloodshed, and perhaps even war.

The United Nations report thus offers an opportunity to resolve the provocative and explosive question of water in a rational and equitable manner. It represents an international approach to the solution of what is clearly an international problem. The United States would be prepared to assist in reaching such a solution because of its deep interest in establishing conditions of greater calm.

I did not ask the leaders of the Jordan Valley states to accept the principles set forth in the United Nations report at this time. Obviously, they require a reasonable period in which to consider the proposals from technical and political points of view.

At this stage, therefore, I asked them merely to give the program their serious consideration, keep an open mind, and be prepared for further discussions at a later time.

Attitude of the Arab Countries

As has been expected, the immediate reaction of the governments of Syria, Jordan, and Lebanon to the United Nations report reflected the solidarity of Arab resistance to collaboration with Israel. The leaders of these countries made it clear that they could not and would not consider any plan for the development of the Jordan Valley if it contemplated negotiation or agreement between them and Israel. They reiterated Arab insistence upon implementation of United Nations resolutions regarding the partition of Palestine, the repatriation of refugees, and the internationalization of Jerusalem.

I assured the Arab leaders that acceptance of the principles contained in the United Nations report would not prejudice the ultimate disposition of political issues between their countries and Israel.

Nor would acceptance involve direct negotiation or direct agreement with Israel. I assured them that satisfactory evidence of acceptance could be given in the form of unilateral declarations to be filed severally by the participating states with the Secretary General or some appropriate organ of the United Nations. Such unilateral declarations would be regarded by the United States as solemn guarantees that the Jordan Valley states would individually accept and abide by an equitable division and distribution of water as contemplated in the United Nations report.

Aside from objections based on their fundamental political positions, Jordan, Syria and Lebanon indicated that serious consideration of the Jordan Valley plan on their part would be premised on the assumption that they might in due course suggest modifications of the plan in their own self-interest. I assured them that any suggestions they might wish to make would receive the most careful consideration. The program of development outlined in the report was not to be considered a hard-and-fast take-it-or-leave-it proposition. On the contrary, the United States would be more than willing to entertain suggestions for amendment from the interested states, provided such amendment was compatible with the basic concept of unified Valley development.

Egypt is not directly concerned with the disposition of the waters of the Jordan. Because of the political implications of the plan and Egypt's influential position in the Arab world, I undertook to enlist the support of the Egyptian government for the unified program. I was able to obtain the assurance of the Government of Egypt that it would exert the weight of its influence in support of the project as appropriate opportunities arose.

Attitude of Israel

The position taken by the Government of Israel was essentially receptive to the thesis that the water resources of the Jordan Valley should be developed in accordance with some plan that would be mutually acceptable to the interested states. Israel pointed out, however, that it had prepared extensive plans for the development of all available water resources. It would be necessary to examine the proposed United Nations program to determine how it would affect plans developed unilaterally by the Israel government. It may be expected that Israel will propose modification of the plan as set forth in the United Nations report, but it was indicated that an effort will be made to adjust present Israeli engineering schemes to conform in general with the principles underlying the United Nations proposals.

Attitude of Great Britain and France

The government of France indicated a deep interest in the Jordan Valley proposal and indicated that it would be prepared to assist in gaining acceptance of the project.

The British government, while agreeing that the idea of unified Valley development was sound, preferred, for political reasons of its own, to proceed with caution so far as direct and public support is concerned. It is my opinion that if a favorable attitude toward the plan emerges in the Arab states the British government will be prepared to lend the project its support.

RECOMMENDATIONS

1. A second visit to the region should be made by a personal representative of the President shortly after the beginning of 1954, at which time an effort should be made to bring the governments of the states concerned to acceptance of the principles of the United Nations report on the Jordan Valley.

2. United States policy in support of the Jordan Valley plan should be firmed up and followed uniformly by all agencies of the Government and American diplomatic missions in the area. Con-

tinuous pressure should be exerted on the Governments of the states concerned.

3. The United States should undertake to gain full acceptance of the plan by Great Britain and France. They should be requested to use their influence in its behalf.

4. Specific proposals should be developed regarding the composition and authority of the neutral water control agency necessitated by the plan as the mechanism for assuring equitable distribution of water.

5. A formula should be developed for the submission of unilateral declarations of acceptance by the Jordan Valley states. This formula should indicate the nature of the declarations, with whom they should be filed, and their status as solemn undertakings.

6. The United States should immediately formulate a firm position with respect to the question of boundaries, and through the mechanism of the Mixed Armistice Commission, or some other appropriate agency, initiate discussions looking to the elimination of the demilitarized zones.

7. Steps should be taken at once to reduce the Jordan Valley plan to specifics in terms of priority of elements, stages of construction, costs, methods of financing. In this connection, the Foreign Operations Administration should instruct its field mission in Jordan to give priority to the development of detailed plans for first-stage construction within the framework of the unified Valley program.

ERIC JOHNSTON

No. 733

684A.85/11-1853

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] November 18, 1953.

Subject: Relations Between Israel and Neighboring Arab States

Participants: Brigadier General Moshe Dayan, Deputy Chief of Staff, Israel Defense Forces
Colonel Vivian Herzog, Israel Military Attache
NEA—Mr. Byroade
NE—Mr. Waller

Mr. Byroade asked General Dayan to give his impression of Israel's relations with neighboring Arab states and the General said he would be glad to do so country by country. With Egypt, the General said, Israel has only minor troubles, almost all of which concern infiltration. He expressed the opinion that Egypt is not greatly interested in peace with Israel and that an agreement with the British would not necessarily cause the Egyptians to undertake a settlement of the problem of peace with Israel. He pointed out that Egypt has important internal problems and little to gain by peace with Israel. The General said his government is concerned by the possibilities of disorder among the 250,000 people in Gaza and suggested that the erection of some physical or technical obstacles opposite the inhabited areas along the border would go a long way toward controlling the situation. He thought a wire fence, perhaps in an open belt 100 feet or so wide and lighted, or even a minefield, would be effective whereas armed forces alone would not be sufficient to prevent illegal crossings. He believed Egypt would agree to the erection of such obstacles if they could be erected by the United Nations.

Mr. Byroade asked whether, in the General's opinion, failure of the Anglo-Egyptian negotiations would result in guerrilla warfare against the British. If so, whether Egypt's attacks on the British would be a danger to Israel. The General replied that, in the event of an Egyptian agreement with the British, Egypt would not necessarily endeavor to pursue a constructive course towards Israel for the reasons already enumerated.

With regard to Lebanon, the General said there are no questions worth mentioning.

Turning to Syria, there are only two problems, namely, the Demilitarized Zone and water. The most important of the two is water. So far as incidents go, they are fewer even than with Lebanon. When asked about the possibility of eliminating the Demilitarized Zone by negotiation, the General said that the Syrians want the border to be on the east water line of the Jordan River but Israel does not wish Syria to have direct access to the Jordan River. He said the Israel Government had offered Syria land and concessions elsewhere but the Syrians would not accept.

Turning the discussion to the Demilitarized Zone, Mr. Byroade said that Israel's Banat Ya'qub project presents very serious difficulties. He thought the project would change the Demilitarized Zone and wondered why Israel felt Syrian agreement was not needed. He also wondered why the Syrian Government had not objected more strenuously to Israel's claims of sovereignty over the Demilitarized Zone and to Israel's taking over control of it. The General replied that Israel claims sovereignty only over Jewish lands in the Demilitarized Zone and that someone must keep the area alive. There are schools and villages which need many services, including electricity, and Syria has never shown any interest in doing these things.

Mr. Byroade pointed out that if the Jordan River water is taken over by Israel and the Yarmuk River water is taken over by the Kingdom of Jordan neither party would derive as much benefit as from regional development. The General replied that he thought it would be a good solution as each country would get about half the water of the Jordan valley and that it would be better to have projects on a bilateral rather than a regional basis. Mr. Byroade said that our hope is that by regional economic development people in the area will begin to talk with each other and eventually this would lead to better relations for all. He pointed out that it would be very difficult for us to justify large sums of money for uneconomic projects. The General said that Syria's claims of Jordan River water are not valid because Syria cannot use the water. In fact, Israel is the only country in a position to prevent the Jordan River water from being wasted.

General Dayan said that Israel's problems with Egypt, Syria and Lebanon are minor compared with its problems with Jordan. Mr. Byroade agreed that the problem was a big one but said we felt that during the past few months Jordan has been doing an increasingly better job of keeping order. General Dayan expressed a contrary view. He said that there is considerable evidence of Jordan officers and police actually organizing bands to cross into Israel. He then referred to the suggestion he had made with regard to Israel's border with Egypt concerning the erection of physical or technical obstacles. He pointed out that Israel's border with Jordan is wide open and even armed forces cannot prevent crossings. In addition to the construction of obstacles, it would be helpful if some of the refugees could be withdrawn from the border.

Mr. Byroade asked whether, in General Dayan's opinion, the Arab Legion commander had acted in good faith. General Dayan replied that whereas he had never met General Glubb he is of the opinion that General Glubb does not wish a conflict with Israel and he seems to be a straightforward man. General Glubb is in error, however, when he believes that the Arabs only cross the line in order to get to their property or to visit relatives. General Dayan repeated that a large part of the solution would be in the construction of obstacles, the removal of Arab refugees from the frontier areas and a better patrolling of the frontier. He said that if some such action is not taken crossings will continue. He felt that the local commanders' agreement was of limited value and that the Jordanians have not been really cooperative. He said that often when Israel officers informed the Jordanians of the location of stolen property, the Jordanians replied that there was nothing they could do about it. The General then added that "we send over Arabs from Israel to steal the property back again". In concluding, he said that if it should develop that there is no prospect for peace for some time, Israel must make an attempt to seal its borders.

The discussion then turned to Mt. Scopus. Mr. Byroade said he was concerned at Israel's defiance of the United Nations. He mentioned General Bennike's attempt to inspect the installations on Mt. Scopus and the disregard of Bennike's decision regarding the Banat Ya'qub project. He said that we cannot stand idly by and watch the United Nations machinery fall apart. He then said that we will support Israel in things in which we believe Israel to be right and that no matter what the General might hear to the contrary, we have no intention of endeavoring to win the friendship of the Arabs at the expense of Israel.

No. 734

683.84A/11-2053

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)[1]

CONFIDENTIAL [WASHINGTON,] November 20, 1953.

Subject: I. Israel-Syrian Relations—Demilitarized Zone—Water Development.
II. Israel-Jordan Relations—Security Council Draft Resolution on Qibya.

Participants: Ambassador Eban of Israel
Minister Shiloah, Israel Embassy
NEA—Mr. Byroade
UNP—Mr. Ludlow
NE—Mr. Waller

I. Ambassador Eban opened the conversation by saying that his first topic was water. During the five years he has represented his government in the United Nations he has never known the balance of an argument to be so much in one direction, since there appears to be very little support for the Syrian complaint regarding Israel's Jordan River diversion project in the Demilitarized Zone.

He said that Israel does not doubt the authority of the Chief of Staff of the United Nations Truce Supervision Organization to make decisions regarding development in the Demilitarized Zone and to obtain adequate guarantees. All water schemes for Palestine have concluded that without complete control of the Jordan River water there could be no existence for Palestine, a large part of which is now Israel. He recalled that the British refused to accept the mandate for Palestine until full control of the waters was assured. This was accomplished by the Anglo-French agreement of 1922, which Syria has now discovered and seems to advocate, particularly with respect to water rights. He said the Israel Government's position is quite clear, namely, that there shall be no Syrian control of Jordan River waters. He said that the Chief of Staff has full authority to undertake all arrangements for development in the Demilitarized Zone and Israel is willing to embody its guarantees in a legal instrument which Syria could invoke in case of violation.

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[1] Drafted also by Ludlow.

Mr. Byroade asked for clarification of what he understood was the Israel position that the Jordan River belongs to Israel to do with as it wishes. The Ambassador replied that the Jordan River does not at any place touch Syrian territory. Mr. Byroade then started to ask a question about Israel exerting sovereignty over the Demilitarized Zone but the Ambassador interrupted to say that Israel does not claim sovereignty over the Demilitarized Zone, although he, Eban, perhaps, unwisely, so claimed in the Huleh dispute before the Security Council in 1951. Israel has, however, insisted on the absence of Syrian sovereignty. He felt that as long as the Demilitarized Zone exists there can be no question of sovereignty. This is the position taken by Dr. Ralph Bunche.

Mr. Byroade asked about Syrian Ambassador Zeineddine's belief that the construction of the canal would change the character of the Demilitarized Zone. Ambassador Eban said there was no basis for the Syrian contention and in any event the Armistice Agreement provides for the development of the Demilitarized Zone as does the Security Council resolution on the Huleh. It is correct, however, the Ambassador said, that no development can legally take place in the Demilitarized Zone that would violate the rights of residents of the Zone. He recalled statements of Dr. Ralph Bunche to the effect that the Demilitarized Zone was established as a legal concept without reference to topography. Its purpose was to keep the troops apart and, in fact, Dr. Bunche was able to obtain the withdrawal of Syrian troops to the old Palestine boundary. Mr. Shiloah, who participated in the negotiation of the Armistice Agreement, said that Israel would never have signed an Armistice Agreement which would have interfered with the development of the Zone.

Ambassador Eban said that the question of military advantage to Israel by the construction work would be laughed out of court because the Jordan River is so narrow in most places that anyone could jump across it. Further, the Unified Development Plan which was the subject of Mr. Eric Johnston's recent visit to the area would make more changes in the Demilitarized Zone than anything Israel contemplates doing.

Mr. Byroade asked whether the Ambassador believed Israel has the right to take all the water of the Jordan and move it to the coastal plain. The Ambassador replied that the question is important but not relevant to the present case. He said that legally Israel would probably have the right to use the water on the coastal plain but politically and morally there would be some question about it. The question would be whether states down the river would suffer by such action. A solution would be to use Lake Tiberias as a reservoir for regional use. Mr. Byroade referred to a pamphlet which he understood had been put out in Jerusalem a week or so ago advocating unilateral use of the Jordan River by Israel. He asked whether Israel's unilateral use of the Jordan River would justify the Kingdom of Jordan using the Yarmuk River on the same basis. The Ambassador replied in the negative because, he explained, Israel borders the Yarmuk and therefore has rights thereto. In the Demilitarized Zone safeguards can be set up by the Chief of Staff to protect Arab landowners and their water rights.

Mr. Byroade asked whether, in the event General Bennike should not be satisfied with Israel's action regarding the diversion project, Israel would return to the procedures provided by the Armistice Agreement. Mr. Shiloah answered by saying that Israel's action would depend upon the nature of General Bennike's decision. If General Bennike should say that Israel is violating the Armistice Agreement Israel would probably appeal to the Security Council but if General Bennike shows a disposition to work out an arrangement for the improvement of the area, Israel will go along. Israel has never given any indication of approval of the idea of limiting the development of the Demilitarized Zone and would not have signed any agreement containing such a provision. Agreements for development of the Zone can only be between the concessionnaires and the Chief of Staff, acting as Chairman of the Mixed Armistice Commission. Mr. Ludlow pointed out that the Israel Government has questioned General Bennike's authority. Ambassador Eban denied this, stating that Israel has questioned the substance of General Bennike's decision. The Israel Government maintains that General Bennike cannot set himself up as a dictator of the Demilitarized Zone and Israel will always object if he goes beyond his authority. Mr. Byroade said that our understanding of the procedure for considering disputes pertaining to the Demilitarized Zone was that matters go to the Chief of Staff, then to the MAC, and then to the Security Council. The Ambassador replied that the

Chief of Staff has two duties, one is to be Chairman of the MAC and the other, under Article V, is to look after the interests of local civilians in the Demilitarized Zone (not act as an arbitrator between Israel and Syria). He said that Israel challenged Bennike's authority only when he said that Damascus must agree to projects in the Demilitarized Zone. Israel has never questioned General Bennike's authority in connection with alleged denial or infringement of Arab rights in the Zone.

The Ambassador expressed the hope that there could be consultation between Israel and the United States on the draft resolution on Banat Ya'qub. Mr. Byroade said that drafting negotiations could best be held in New York where we are presently working out details for a resolution with the U.K. and French delegations. Ambassador Eban expressed surprised interest that we were working with these two delegations on the resolution.

The Ambassador said the two principles by which Israel is guided in Jordan River water development are that the Security Council should at the present time reaffirm its decision made in 1951 which denied Syria the right of veto and that the Jordan River is completely non-Syrian.

Mr. Byroade said we do not wish to put anything in the resolution giving Syria the right of veto but we do want to make sure that the armistice machinery does not break down. The Ambassador said that a wording along the lines of Mr. Byroade's statement would not be against Israel's interests. All Israel is looking for is an opportunity to work out matters with General Bennike. He then suggested that Israel's legal experts on water development get together with the Department's legal experts. Mr. Byroade showed interest in the idea but did not give a definite answer.

Mr. Shiloah understood there was apprehension in some quarters that the canal project would interfere with regional water plans. He said that the canal project would not for the next two or three years interfere with any regional plans so that everyone interested has at least that much time to work out such plans. If an agreement cannot be reached on a regional development plan within that time, Israel must proceed with its own plans. He reiterated that Israel agrees to the principle of regional development but that there can be no such development if Syria has a veto. Mr. Byroade said he hoped that a development plan could be worked out in the field that will not be in violation of the Armistice Agreement. In the meantime, he asked, will Israel continue digging the canal in Israel territory? Ambassador Eban said that in the Demilitarized Zone Israel is observing its obligations but in Israel territory it will continue the project. There is no reason why Israel should stop working in its own territory. He thought there should be no difficulty about this but said that psychologically a great deal depends on the mood of General Bennike when he returns to the field. An attitude of conflict would not be helpful. He found Mr. Byroade's suggestion good that Israel should avoid a "demonstrative show of machines" and would pass the suggestion along to his government.

The Ambassador said he was seeking an interview with Mr. Eric Johnston for later in the week with the intention of presenting him with a technical analysis of the Unified Development Plan as prepared by three American experts (Hays, Savage, Goldman?). He will make copies available to the Department after he sees Mr. Johnston.

II. The Ambassador referred to the present draft resolution pertaining to Israel–Jordan relations, including the Qibya incident, and said his government believes that the resolution as presently drafted will make peace impossible for a long time to come. He said the use of the words "strong censure" was without precedent in UN history even in events of far greater severity. He believed the sponsors of the resolution have lost their sense of proportion. He also objected to the "lightness and gentility" with which Jordan's incursions into Israel are treated in the draft resolution. He said the language virtually approves Jordan's failure to control its border and does not provide any warning note from the Jordanian point of view. Mr. Byroade called attention to the fact that the only operative provision of the resolution is to call on General Bennike to report to the Security Council again within 90 days. This can only apply to Jordan since the Qibya incident is behind. This 90 day period should serve both parties as a time within which to demonstrate their desires to settle some of their differences. Mr. Shiloah saw no basis for such an idea. The Ambassador continued by saying that General Bennike's report calls attention to the fact that Jordan's lack of control over its own nationals is the real cause of the trouble and yet the draft resolution ignores this. Next, the Israel Government believes it is shortsighted to omit any reference to the pursuit of peace by the two parties. This omission is particularly important because the Arabs are beginning to adopt the concept of a negotiated peace and the absence of some reference to peace would be a real set back. The Ambassador noted that Jordan had rejected Israel's suggestion of high level talks in New York and said that so far as Israel is concerned it is quite prepared to hold such talks anywhere, perhaps Jerusalem as Dr. Haikal had suggested. Both Ambassador Eban and Mr. Shiloah expressed fervent hopes that in our speech before the Security Council we would vote favorably and endorse Israel's proposal. Lastly, if the draft resolution is passed Israel must call attention to the fact that the Security Council has done nothing regarding the security problem

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and must then decide whether to endeavor to keep the Council in session or come to the Council again later regarding the general security of the area.

Mr. Byroade said we have been attempting to do for the area what we believe is right. We are not against peace and he doubted whether the Arabs would be able to read anything to the contrary in our actions. He hoped the Israel Government would act in a way that it believes best for the area in the long run rather than for some temporary gain. We have already done a great deal with the Arab states and we plan to talk very seriously with the Jordan Government. He believed that General Bennike's report, 90 days hence, could show considerable improvement in the situation.

In reply to Ambassador Eban's direct question as to the U.S. attitude regarding direct Israel–Jordan negotiations, Mr. Byroade replied that we are for talks in the area when we think there is some chance of success. We think that an approach through General Bennike or through the Mixed Armistice Commission at present offers the best chance of success.

No. 735

884A.00 TA/11-1553

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State [1]

SECRET WASHINGTON, November 20, 1953.

Subject: Financial Aid to Israel

Discussion:

Israeli officials here are pressing Mr. Stassen to make available to Israel $20 million in cash from the allotment of $26 million recently decided upon for the first half of the current fiscal year. We have received two important telegrams from Tel Aviv on this subject, No. 592 of November 15, [2] and No. 598 of November 17 [3] (Tabs B and C). The message of November 18 contains a firm recommendation from the Embassy against a release of cash, which it regards as unnecessary, and a significant statement that an Israeli official has implied that the cash release was being pressed in Washington in order not to let the opportunity to challenge Section 105 of the

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[1] Sent through the Executive Secretariat.

[2] Document 729.

[3] Document 731.

1953 Appropriations Act go by default. This section was inserted during the Hearings before the Senate Appropriations Committee, and the record of the hearings indicates that its authors, concerned with past cash releases to Israel, considered it necessary to prevent such releases in the future.

Recommendation:

(a) That you sign the attached draft letter to Mr. Stassen (Tab A); [4] or, alternatively,

(b) That you advise Mr. Stassen verbally that the Department is opposed to the release of cash to Israel in view of the information in recent cables from Tel Aviv and the legislative history of the Appropriations Act.

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[4] Not printed; the Secretary signed a letter to Stassen on Nov. 21 which reads as follows:

"I understand that the Israeli Embassy has approached you for a cash release in the amount of $20 million on the grounds that these funds are required to meet pressing obligations of Israel and that the alternative to an acquiescence in this request is default by Israel.

"I am inclined to share the joint opinion of the Embassy and Operations Mission at Tel Aviv expressed in messages No. 592 of November 15 and No. 598 of November 17." (884A.00 TA/11-1553)

No. 736

683.84A322/11-2053: Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, November 20, 1953—8:02 p. m.

249. Ambassador Zeineddine of Syria called at Department today to discuss elements Banat Yacov situation. He emphasized essence of Syrian attitude is that provisions Armistice Agreement re demilitarized zone must be fully upheld but that once this had been accomplished by appropriate SC action Syria would be entirely disposed to consider agreements which would permit equitable development Jordan River resources. Said Syria had no intention blocking projects merely for sake of blocking. All Syria asked was that she be accorded full status due her under Armistice Agreement and right to participate in decisions affecting demilitarized zone and established Syrian rights (such as Buteina Farm) outside zone but affected by actions inside zone.

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[1] Repeated to Damascus; sent by air pouch to Tel Aviv, Baghdad, Amman, Beirut, Cairo, Jidda, and Jerusalem.

When Department suggested that too much emphasis on "military advantage" aspect of DZ disputes could logically prevent any development of upper Jordan, since any project would be likely to alter flow of water in river, Ambassador insisted Syria would not approach matter from that angle once her rights under Armistice Agreement had been upheld and recognized. Would be entirely willing approach projects with open mind and seek agreement with all interested parties. Pointed out Syria had been willing since 1949 discuss water problems with Israelis but had gotten nowhere. Claimed he spoke with full knowledge of and in agreement with Shishakli's own views this subject.

Zeineddine urged following points be incorporated resolution to be adopted by Security Council re Banat Yacov:

(1) Bennike's authority to supervise DZ under Article 5 of Armistice Agreement should be upheld.

(2) Phraseology should make clear Syria's right to concur or dissent in actions which might change character of zone.

(3) Bennike should be given authority, although perhaps in general language, to restore DZ to *status quo* prevailing before Banat Yacov diversion work begun in early September. (He explained this might mean destruction of diversion dam and possibly filling in of part or all of canal.)

(4) Some warning of possible sanctions should be inserted in case Israel refused observe Council decision.

Re (1) Department officers said we substantially in agreement. Re (2) we expressed concern that this might involve Council in improper interpretation Armistice Agreement or even lay it open to charge of trying to modify agreement itself. Pointed out that agreement calls for interpretation by MAC and that it could only be modified by parties themselves. Zeineddine said all he meant was to exert pressure on Israel forcing it to go to MAC when contemplating DZ action, which Israel has steadfastly refused to do despite Armistice Agreement provisions. Said he would suggest phraseology for study by USUN.

Re (3) we indicated grave public relations difficulties in any action which appeared to call for destruction of completed work, pointing out this would be taken as indication Syria determined in advance to reject any agreement. He argued present state of affairs would permit Israel complete DZ construction in matter of few days if it should again decide to defy Bennike decision and UN and Syria would again be presented with *fait accompli*. Pointed out if Council upholds Bennike this means his decision should have been observed from beginning and that all work done even before his decision was improper. In such case court of law would order physical situation restored to *status quo ante*. He did not insist however that Council should specifically direct this restoration but merely make clear that Bennike had authority to order it if he saw fit.

Re (4) we said Department would prefer assume both parties would observe Council decision and treat any failure comply as separate question to be examined if and when it arose. Ambassador commented he thought some warning justified by past history Palestine case and said he intended take this point up in Council.

There was no discussion re possible elimination demilitarized zones. We made clear to Ambassador any discussion of phraseology of resolution would have to be with USUN and that we were continuing to work on this question jointly with British and French. He commented he had had some discussion of his ideas with British and French delegations and believed any objections more likely to come from US than from them.

DULLES

No. 737

683.84A322/11-2053

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] November 20, 1953.

Subject: Syrian Attitude Toward Palestine Question

Participants: Dr. Farid Zeineddine, Ambassador of Syria
NEA—Mr. Jernegan
NE—Mr. Hart
NEA—Mr. Gardiner

The Ambassador called at his request to discuss the Banat Yacov dispute. Most of the substance of the conversation was reported in the Department's telegram No. 249 of November 20, 1953 to the USUN, repeated to the Arab Capitals and Tel Aviv. [1] The following additional points were made:

1. Ambassador Zeineddine said that Syria was anxious to achieve a *modus vivendi* with Israel so that it could devote its attention to other matters. Syria was, he said, "fed up" with the frontier quarrels. The Syrian Government was the only Arab regime which would dare to attempt an arrangement with Israel, because it was the only one fully trusted by its own people. The Jordanian Gov-

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[1] *Supra.*

ernment, for example, could not possibly make such a move in the face of the attitude of the Jordanian people.

2. The Ambassador considered the Banat Yacov question far more important than the Qibya affair, despite the emotions which the latter had aroused. In response to my question, he said he was not sure whether Jordan Minister Haikal would agree on this but he believed his other Arab colleagues felt as he did.

3. Syria admitted that its interest in the Jordan River was less important than the interest of Jordan. From the Arab point of view, he would rate her relative interests as follows: (a) those of the Arab Refugees, who were after all Palestinians and entitled to benefit from the River which ran through their own country; (b) the interest of Jordan as the State which could best utilize the greater proportion of the waters of the River, and (c) the interests of Syria. He passed lightly over the interests of Israel by implying that it might be entitled to a relatively minor share in the water. As evidence of Syria's willingness to give precedence to the claims of Jordan, he cited the Syria-Jordan Agreement on the Yarmuk, asserting that Syria might have claimed half of the waters of that River for its own use but was willing to let them be applied to the greater need of the refugees and the Jordanians.

4. In connection with the possibility of reaching an agreed settlement of the water controversy, following termination of the present Security Council discussions, the Ambassador suggested that there were various procedures which might be employed, among them: (a) United States "mediation" or "good offices", (b) use of the Palestine Conciliation Commission, and (c) use of the Truce Supervision Organization as an intermediary.

In reply to a question by Mr. Gardiner, the Ambassador remarked that he was looking forward to meeting with Mr. Eric Johnston and Mr. Gardiner in New York on Monday.[2] He intended to be present even if other Arab representatives should decide to stay away.

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[2] Nov. 23.

No. 738

Resolution 101 (1953), Adopted by the United Nations Security Council on November 24, 1953 [1]

The Security Council,

Recalling its previous resolutions on the Palestine question, particularly resolutions 54 (1948) of 15 July 1948, 73 (1949) of 11 August 1949 and 93 (1951) of 18 May 1951 concerning methods for maintaining the armistice and resolving disputes through the Mixed Armistice Commissions,

Noting the reports of 27 October 1953 and 9 November 1953 to the Security Council by the Chief of Staff of the United Nations Truce Supervision Organization in Palestine and the statements to the Council by the representatives of Jordan and Israel,

A

1. *Finds* that the retaliatory action at Qibya taken by armed forces of Israel on 14–15 October 1953 and all such actions constitute a violation of the cease-fire provisions of Security Council resolution 54 (1948) and are inconsistent with the parties' obligations under the General Armistice Agreement between Israel and Jordan and the Charter of the United Nations;

2. *Expresses* the strongest censure of that action, which can only prejudice the chances of that peaceful settlement which both parties, in accordance with the Charter, are bound to seek, and calls upon Israel to take effective measures to prevent all such actions in the future;

B

1. *Takes note* of the fact that there is substantial evidence of crossing of the demarcation line by unauthorized persons, often resulting in acts of violence, and requests the Government of Jordan to continue and strengthen the measures which it is already taking to prevent such crossings;

2. *Recalls* to the Governments of Israel and Jordan their obligations under Security Council resolutions and the General Armistice Agreement to prevent all acts of violence on either side of the demarcation line;

3. *Calls upon* the Governments of Israel and Jordan to ensure the effective co-operation of local security forces;

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[1] U.N. doc. S/3139/Rev 2; approved at the 642d meeting of the Security Council by 9 votes to none, with two abstentions (Lebanon and the Soviet Union).

C

1. *Reaffirms* that it is essential, in order to achieve progress by peaceful means towards a lasting settlement of the issues outstanding between them, that the parties abide by their obligations under the General Armistice Agreement and the resolutions of the Security Council;

2. *Emphasizes* the obligation of the Governments of Israel and Jordan to co-operate fully with the Chief of Staff of the Truce Supervision Organization;

3. *Requests* the Secretary-General to consider, with the Chief of Staff, the best ways of strengthening the Truce Supervision Organization and to furnish such additional personnel and assistance as the Chief of Staff of the Truce Supervision Organization may require for the performance of his duties;

4. *Requests* the Chief of Staff of the Truce Supervision Organization to report within three months to the Security Council with such recommendations as he may consider appropriate on compliance with and enforcement of the General Armistice Agreements, with particular reference to the provisions of this resolution and taking into account any agreement reached in pursuance of the request by the Government of Israel [2] for the convocation of a conference under Article XII of the General Armistice Agreement between Israel and Jordan.

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[2] On Nov. 23, 1953, the Representative of Israel, Eban, addressed a letter to the Secretary-General stating that since his proposal for a meeting between senior political and military representatives of Jordan and Israel had not been accepted by Jordan, he was formally invoking Article XII of the Israel-Jordan General Armistice Agreement, and requesting the Secretary-General to convoke a conference of representatives of the two parties as envisaged in that article. He noted that Article XII also made it obligatory for the parties to participate in such a conference. (U.N. doc. S/3140)

No. 739

684A.85/11-2453: Telegram

The Secretary of State to the Embassy in Jordan [1]

SECRET PRIORITY WASHINGTON, November 24, 1953—6:45 p. m.

231. Israel has asked UNSYG to convoke conference between Israel and Jordan under provisions Article 12 General Armistice

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[1] Repeated to Baghdad, Beirut, Cairo, Damascus, Jidda, Tel Aviv, and Jerusalem; sent by pouch to New York, Paris, and London.

Agreement. Text Israeli communication sent you separately. [2] Secretary General has indicated he believes it mandatory on him convoke conference.

This Israeli move was made without any warning to us and US Government had no hand in instigating it. Israelis confirmed to us that they took decision as a result failure their efforts draw Jordan into general discussions New York.

We have as yet no indication Jordan or other Arab attitude toward proposed conference but assume it likely be adverse. We believe, however, it would be serious mistake for Jordan refuse attend conference as this would be clear refusal implement specific and mandatory obligation laid down Armistice Agreement. Jordan position in UN and with World opinion would be gravely damaged. Terms of Armistice limit conference to "reviewing, revising or suspending" provisions of Armistice, other than Articles 1 and 3. Thus, meeting would not constitute "peace conference". We do not see how US could continue give sympathetic attention Jordan's frontier problems in face her disregard for instrument to which she is partner and which is sole basis of security on border.

We realize any US initiative in connection proposed conference may be interpreted by Arabs as evidence our "complicity" in move to bring about "peace talks". Nevertheless, if conference called we intend support it to extent practicable and hope useful results may materialize. While present time may not be most auspicious moment, no opportunity should be passed by.

Embassy Amman and Missions other Arab capitals should take earliest occasion to convey US views summarized this tel. We hope that if conference is called Jordan will at once indicate willingness attend. (Jordan Minister Haikal has already told Security Council his country willing discuss security problems with Israel through MAC in Jerusalem and Jordan has in past participated in "high level" meetings with Israelis. This is not in fact very different from Article 12 conference since both procedures stem from Armistice Agreement. FYI We have indicated to Israel Ambassador we do not interpret Haikal statement in SC as categoric rejection Israel offer to negotiate.) End FYI. We would also hope Jordan would enter conference with open mind and sincere desire achieve some concrete progress on outstanding security problems. Purely negative attitude would be almost as damaging as refusal to attend.

On Israeli side, we believe there should likewise be sincere desire to accomplish genuine though limited progress. If Israelis attempt use conference merely as means of putting Jordan in bad light by making sweeping proposals, it certain to fail. Embassy Tel Aviv should emphasize following to GOI:

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[2] The text of Eban's letter of Nov. 23 to the Secretary-General invoking Article XII of the Israel-Jordan Armistice Agreement (U.N. doc. S/3140) was sent to Amman in telegram 232, Nov. 24, 6:45 p. m. (684A.85/11-2453)

Usefulness Israel suggestion will depend on manner presentation, modesty Israel's objectives, and existing political climate. We hope conference will be productive concrete results and we will use our influence to that end, to extent practicable. It would be unwise for Israel to exert pressure which would embarrass Government of Jordan with its own people and force it into intransigent position. We believe Israel's best course is to strive only for limited, and therefore possibly attainable, objectives.

All addressees please urgently report local reaction to Israeli proposal.

DULLES

No. 740

684A.85/11-2653: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

SECRET BEIRUT, November 26, 1953—3 a. m.

473. Our views on Israel–Jordan conference on armistice agreement (Department telegram 591 November 24) [2] communicated this morning to Foreign Minister who said our position seemed logical and he appreciated being informed of it in as much as he anticipated exchange of views between Arab Governments prior to reply by Jordan. In fact, he said Jordan Ambassador was at moment of my call waiting to see him, presumably on this very subject. Foreign Minister said that as soon as definite decision reached he would let us know. He indicated that his own thinking favored acceptance by Jordan attend meeting while at same time taking appropriate safeguards to prevent Israel from making inappropriate use of conference.

Foreign Minister also expressed general approval of resolution on Qibya and said that Malik had been instructed to vote in his discretion in favor or to abstain, but not vote against. Malik had decided to abstain.

HARE

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[1] Repeated to Amman, Baghdad, Cairo, Damascus, Jidda, and Tel Aviv.

[2] Printed as telegram 231 to Amman, *supra.*

No. 741

683.84A322/11-2653 Telegram

The Ambassador in Syria (Moose) to the Department of State[1]

SECRET PRIORITY DAMASCUS, November 26, 1953—2 p. m.

215. Deptel 209, November 24.[2] Saw Shishakli morning November 26 and left with him *aide-mémoire* summarizing US views reported Deptel 209, except last sentence paragraph 3 which he might have resented. Syrian President stated had no official information but understood from press Jordanian representative New York had already rejected Israeli proposal. Shishakli declared proposal was ill-timed and noted that Israeli policy vis-à-vis Jordan of coupling aggressive acts with attempt bring about general negotiation paralleled Syrian experience in recent MAC negotiations. I replied US agreed moment not propitious, but US consistent in desiring support UN machinery established handle problems Palestine. For this reason US Government had supported UNTSO in Jordan diversion dispute and would similarly support UN Secretary General should he call conference as provided under Jordan-Israel Armistice Agreement. Shishakli then speculated re Jordanian reaction, as non-member UN, to call from UN Secretary General, but appeared appreciate fact Secretary General action would be pursuant agreement signed by Jordan. He did not criticize Israel action in extreme terms. On other hand, a limited press comment so far has characterized move as "desperate attempt" divert attention from Security Council Resolution and force direct Arab-Israeli negotiations.

Shishakli indicated throughout he regards question as important. Concluded that he would endeavor ascertain position Jordan Government and inform me results inquiry.

Comment: Syrian President may see in present Israeli request indication of way SC Resolution on Jordan diversion project may develop.

I did not regard occasion as favorable for discussion Syrian influence on Jordanian attitude TVA proposals (Embtel 213, November 25).[3]

MOOSE

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Tel Aviv, Judda, Jerusalem, Paris, and London.

[2] Printed as telegram 231 to Amman, Document 739.

[3] Not printed.

No. 742

Resolution 720 (VIII), Adopted by the United Nations General Assembly on November 27, 1953 [1]

A

The General Assembly,

Recalling its resolutions 194 (III) of 11 December 1948, 302 (IV) of 8 December 1949, 393 (V) of 2 December 1950, 513 (VI) of 26 January 1952 and 614 (VII) of 6 November 1952,

Having examined the report [2] of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East and the special report [3] of the Director and the Advisory Commission of that Agency,

Noting that programme agreements envisaging the commitment of approximately $120 million have been signed by UNRWA with the governments of several Near Eastern countries, pursuant to the plan endorsed by the General Assembly in resolution 513 (VI), but that expectations as regards the execution of the projects programme have not been realized,

Noting also that the situation of the refugees continues to be a matter of grave concern,

1. *Decides,* without prejudice to the provisions of paragraph 11 of resolution 194 (III), or to the provisions of paragraph 4 of resolution 393 (V), that the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East shall be extended until 30 June 1955, and that its programme shall be again subject to review at the ninth session of the General Assembly;

2. *Authorizes* the Agency to adopt a budget for relief amounting to $24.8 million for the fiscal year ending 30 June 1954, subject to such adjustments as may be attributable to refugee employment on projects, or as may be necesary to maintain adequate standards, and to adopt a provisional budget for relief of $18 million for the fiscal year ending 30 June 1955;

3. *Considers* that the projects fund previously authorized by the General Assembly in paragraph 2 of resolution 513(VI) should be maintained at $200 million until 30 June 1955, and urges UNRWA and the governments of the Near Eastern countries concerned to

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[1] Adopted by the General Assembly at its 458th plenary meeting on Nov. 27, 1953. Part A was adopted by 52 votes to none, with 5 abstentions; Part B was adopted by 51 votes to none, with 6 abstentions.

[2] The report of the Director of UNRWA to the Eighth Session of the General Assembly covered the period from July 1, 1952–June 30, 1953. (U.N. doc. A/2470)

[3] U.N. doc. A/2470/Add.1.

continue to seek acceptable projects to enable the fund to be utilized for the purposes for which it is intended;

4. *Requests* the Negotiating Committee for Extra-Budgetary Funds to seek the funds required to meet the current needs of the relief programmes and to invite governments to take into account the need for the additional pledges which will be required to meet the total programme now established at $292.8 million.

B

The General Assembly,

Having noted that the present membership of the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, established pursuant to paragraph 8 of General Assembly resolution 302 (IV) of 8 December 1949, is composed of representatives of Egypt, France, Jordan, Syria, Turkey, the United Kingdom of Great Britain and Northern Ireland and the United States of America,

Noting further that it is in the general interest that other contributing countries join the Advisory Commission,

Authorizes the Advisory Commission to increase its membership by not more than two additional members.

No. 743

683.84A/322/11-2753 Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, November 27, 1953—7:43 p. m.
PRIORITY

261. For Lodge from Secretary. Following is revised text Banat Ya'qub Resolution for discussion with French and British. I prefer this version to British draft (Usun 275). [2] Provision for abolition of demilitarized zones has been dropped and I have added section pointing way towards solution problem in order to give resolution necessary positive character. Clause at end of paragraph 3 reading "in the zone so long as an agreement is not arranged" dropped because essential requirement is that parties satisfy Chairman of MAC not that they reach agreement between themselves.

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[1] Cleared with Secretary Dulles.

[2] Telegram 275 from New York, Nov. 25, is not printed. (683.84A/11-2553)

"*The Security Council*,

Recalling its previous resolutions on the Palestine question, particularly those of 15 July 1948, 11 August 1949, and 18 May 1951 concerning methods for maintaining the armistice and resolving disputes through the Mixed Armistice Commission;

Taking into consideration the statements of the representatives of Syria and Israel and the reports of the Chief of Staff of the Truce Supervision Organization on the Syrian complaint (S/——):

Notes that the Chief of Staff of the Truce Supervision Organization requested the Government of Israel on 23 September 1953 to ensure that the authority which started work in the Demilitarized Zone on 2 September 1953 was instructed to cease working.

Recalls its resolution of October 27, 1953 taking note of the statement by the representative of the Government of Israel that the work started by Israel in the Demilitarized Zone would be suspended pending urgent examination of the question by the Council and further recalls that the representative of Israel said that it was the policy of the Government of Israel to cooperate with the Council's efforts to reach a solution.

Notes that Article 5 of the General Armistice Agreement between Syria and Israel gives to the Chief of Staff of the Truce Supervision Organization, as Chairman of the Syrian-Israeli Mixed Armistice Commission, responsibility for the general supervision of the Demilitarized Zone;

Calls upon the parties to comply with his decisions and requests, past and future, in the exercise of his authority under the Armistice Agreement;

Requests and authorizes the Chief of Staff of the Truce Supervision Organization to explore possibilities of reconciling the rights and interests involved in this dispute and to take such steps as he may deem appropriate to effect a reconciliation.

Reminds the parties that under Article 7, paragraph 8 of the Armistice Agreement where the interpretation of the meaning of a particular provision of the agreement other than the preamble and Articles 1 and 2 is at issue, the Mixed Armistice Commission's interpretation shall prevail;

Directs the Chief of Staff of the Truce Supervision Organization to report to the Security Council within 90 days on the effect given to this resolution.

Requests the Secretary General to make available to the Chief of Staff of the Truce Supervision Organization such expert assistance as he may request including water experts if desired."

Last section intended to meet French desire for water experts (Deptel 239).[3] Proposed French wording reported today by USUN appears to be most undesirable in that not only does it reflect on Bennike's capacity and judgment on matter but also may open up for discussion at Bennike's level the entire question of Jordan Valley Unified Development Plan.

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[3] Not printed.

Hope early accord can be reached with French and British on Resolution as both sides making attempt consult here in Washington on text. Believe this best done in New York and urge that schedule be so arranged to leave ample opportunity for full discussions both sides.

DULLES

No. 744

684A.86/11-2853

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET [WASHINGTON,] November 28, 1953.

Subject: Call of Secretary General of Arab League

Participants: Abd al-Khaliq Hassouna, Secretary General of the Arab League
The Secretary
NEA—Henry A. Byroade

The Secretary met with Hassouna at his request on November 24 at 2 o'clock.

Hassouna opened the conversation by expressing his appreciation for the support and leadership which the United States had given in the UN handling of the Qibya incident. He stated that he regretted there was a last-minute amendment to the resolution by the sponsoring powers but on the whole he thought the results were excellent. He stated he knew the personal difficulty experienced by the Secretary in taking such a stand, which only served to increase their appreciation. He regretted that after passage of the resolution, Ambassador Eban had seen fit to repeat Ben Gurion's statement that Qibya was not the result of organized armed action, which was contrary to the fact and served to show the Israeli attitude of defiance.

Hassouna then asked about the Secretary's impressions on the present state of the Egyptian problem. The Secretary replied that the situation in Egypt was one which gave us great concern. He felt that negotiations were in a state of complete suspense at the moment and he rather suspected both sides were waiting the outcome of the Sudanese elections. The Secretary asked Hassouna to be assured that we would do whatever we could to try to produce an agreed solution to the Egyptian problem.

The Secretary then spoke briefly about our policy in the Middle East. He described it as an "American" policy and one which was designed to deal even-handed and with justice to both the Arab States and Israel. He reminded Hassouna of the large element of our population which was Jewish, and that there was a natural and intense interest in America in Israel. He referred to cultural and religious ties between the United States and Israel. He also referred to the ties between the United States and the Arab World and hoped they would come to realize eventually that we were neither for or against Israel, or for or against the Arab States. He stated that he hoped the United States could be of assistance to all parties and referred to the Unified Water Development project as an example of the type of progress we would like to see made. He hoped also that steps could be taken on a local basis to settle specific points of controversy.

The Secretary spoke at length on the attitude of the Arab States towards discussions of peace in the area and referred to the analogy of the East-West situation with the Russians. The Russians stated they wished to have a conference of the major powers to settle East-West tensions. The United States felt that discussions on such a vague basis would be fruitless and perhaps dangerous. The United States, however, feels that it cannot be negative as regards talks with Russia and keeps the invitation open to Russia to talk about specific problems such as Austria, Germany, etc. If the United States took the view of not talking to Russia about anything, we would lose World support. So would the Arab World lose World support if they continued to take the position that they would not talk to Israel about anything.

Hassouna seemed to agree with this line of thought and indicated he would do what he could in the area upon that basic problem. Hassouna stated that if there was any hope of progress between Israel and the Arab States, it would probably come about through a reactivation and strengthening of the PCC. This organ of the UN had in effect ceased to function although it still sat in New York. He believed that organization should be strengthened and it should be sent to the field. He realized the historical reasons why Britain was not a member but believed that she should now be added. He also thought a fifth member, such as Pakistan, should be added. If these steps were taken, he believed it might become a useful media through which the Arabs and Israel could work toward the settlement of specific issues. The Secretary found this approach extremely interesting and promised Hassouna it would receive study.

No. 745

684A.85/11-2853 Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET AMMAN, November 28, 1953—10 a. m.

245. Deptel 231. [2] Reference telegram received here 6 p. m., November 25 and was unable to talk to Foreign Minister until 1 p. m., November 26 when he informed me that Jordan Government had formed Ministerial subcommittee consisting of 6 Cabinet Ministers to study carefully the whole question of the proposed conference between Israel and Jordan under provisions Article 12 General Armistice Agreement. His approach to the problem was extremely negative. He was particularly concerned with the level at which the talks would be held and was obviously fearful that Israel would out-maneuver Jordan in one way or another.

I conveyed Department's views as outlined in reference telegram and pointed out the extremely favorable position Jordan now occupied in world opinion. I told Prime Minister that gracious acceptance by Jordan to attend conference would enable Jordan maintain that position whereas refusal, even if Jordan could find a way to refuse on technical grounds, would destroy advantageous position it now occupied.

. . . .

I did not convey to Foreign Minister idea contained final sentence third paragraph reference telegram because:

(1) I did not think it would improve what was a perfectly sound case on its own merits; and

(2) I fear that any such statement to Jordan Government at this moment might give offense with no commensurable advantage to United States.

LYNCH

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[1] Repeated to Baghdad, Beirut, Cairo, Damascus, Jidda, Tel Aviv, Jerusalem, Paris, London, and New York.

[2] Document 739.

No. 746

784A.5 MSP/11-3053

The Director of the Foreign Operations Administration (Stassen) to the Secretary of State

SECRET WASHINGTON, November 30, 1953.

DEAR FOSTER: Supplementing our telephone conversations with reference to the Israel Mutual Security funds for Fiscal Year 1954 and in response to your letter of November 21,[1] this is the situation as I see it.

Largely through a very firm position which we have taken with the Israeli Government, a significant improvement has been made in the finan-cial situation of Israel. The short-term debt for which they sought to obtain a $75,000,000 Export-Import Bank loan (which was declined) has been reduced, and a restricted import policy is being followed. Special resources are being mobilized from private sources and good use is being made of the German reparations payment.

My staff has made a very thorough analysis of the current financial situation and has concluded that a portion of the $26,250,000 aid which has been appropriated, allocated and approved to Israel for the first half of Fiscal Year 1954 is urgently needed to prevent a default in December in their foreign exchange and that, in fact, such a default might occur during this week if resources are not made available.

It is our further judgment that the $20,000,000 requested is not all necessary, but that $9,000,000 is essential and can be made available for commodities eligible for our program during the current fiscal year and delivered since the Appropriation Act was passed. We are, therefore, proceeding on my responsibility in implementation of the Israel aid program and in accordance with procedures under the new law approved by our General Counsel, to release $9,000,000 to them today. None of this money will be used to pay government debts.

It is our view that a default would defeat the very objective of the Mutual Security legislation and that since we are in the last month of the second quarter of the fiscal year, it is entirely right that some of these resources to the extent necessary be used as set forth.

We have taken into account all information furnished by the United States Embassy and Mission at Tel Aviv, and the additional information available in this country where the Israeli short-term obligations in the main exist and where their other resource availability is also principally located. You will recall that the Embassy and Mission in their joint message No. 610 of November 21 emphasized that they believed that Washington must make the final appraisal. [2]

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[1] See footnote 4, Document 735.

Sincerely yours,

Harold

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[2] Not printed.

No. 747

684A.85/11-3053: Telegram

The Chargé in Jordan (Lynch) to the Department of State [1]

SECRET AMMAN, November 30, 1953—2 p. m.

249. Talked with Prime Minister November 29 and set forth at length views expressed Deptel 231. [2] Believe Prime Minister fully appreciates desirability attending conference in conformity Article 12 general armistice agreement. He and his government, however, extremely apprehensive of domestic political implications of any action which might be construed by opponents as cooperation with Israel. They fear not only for tenure of present government but also for their lives.

Prime Minister told me that it was necessary discuss problem with other Arab states. I replied I thought this unnecessary and would cause unfortunate delay in replying Secretary General's communication. British Ambassador tells me he also talked with Prime Minister along same lines as I did and he urged upon Prime Minister necessity for immediate reply.

Government now seeking a formula which will permit them accede Secretary General's request without causing them to be accused of entering upon peace talks with Israel. The phrase "within the framework of the general armistice agreement" is receiving consideration as a part of their reply.

Jordan is determined that talks shall not be on ministerial level and if she accepts will probably insist upon Jerusalem as meeting place. Believe there is fair chance of acceptance by Jordan hedged about with reservations.

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[1] Repeated to Baghdad, Beirut, Cairo, Damascus, Jerusalem, Jidda, London, Paris, Tel Aviv, and New York.

[2] Document 739.

LYNCH

No. 748

684A.85/12-253 Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

SECRET PRIORITY AMMAN, December 2, 1953—6 p. m.

1253. Deptel 231. [2] Jordan Government today informed Arab diplomatic representatives it proposed reply to invitation UNSYG to conference with Israel as follows:

Jordan Government will tell SYG proposed meeting impracticable this time. Jordan prepared to discuss with Israel any time within framework mixed armistice commission any amendments desired by Israel or claims she may have or clarify ambiguities. All this can be done, according to Jordan, within framework of MAC under Article II mixed armistice agreement.

Jordan Government asked immediate comment other Arab Governments on proposed attitude.

Comment: This tentative decision due intransigence . . . section government led by Foreign Minister Khalidy. Believed decision will be disapproved by many responsible Jordanians including several members cabinet. Decision taken despite repeated strong representations by US and British urging acceptance UNSYG's invitation. Today UK Ambassador again urged Prime Minister accept and Lynch again spoke emphatically at Foreign Office.

Approval by other Arab Leaguers acceptance of invitation might change local attitude but we not assured even this would overcome intransigence and fear.

MALLORY

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[1] Repeated to Paris, London, Baghdad, Beirut, Cairo, Damascus, Jidda, Tel Aviv, and Jerusalem; repeated by the Department to New York.

[2] Document 739.

No. 749

683.84A322/12-653 Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL PRIORITY NEW YORK, December 6, 1953.

283. For the Secretary from Lodge. Re: Palestine in Security Council. Following is revised version of Department's resolution (Department telegram 261, November 27) on Banat Yaacov which I have worked out on the basis of careful study of all relevant papers, including Israeli, Syrian, UK and French drafts:

"*The Security Council,*

1. *Recalling* its previous resolutions on the Palestine question and in particular that of 11 August 1949, endorsing the general armistice agreements concluded between Israel and the neighboring Arab states which the Council considered as superseding the truce provided for in the resolutions of 29 May and 15 July 1948; and those of 17 November 1950, 8 May 1951, and 1 May 1951 concerning methods of maintaining the armistice and resolving disputes through the Mixed Armistice Commission;

2. *Taking* into consideration the statements of the representatives of Syria and Israel and the reports of the Chief of Staff of the Truce Supervision Organization on the Syrian complaint (S/3108/rev. 1);

3. *Notes* that the Chief of Staff of the Truce Supervision Organizations requested the Government of Israel on 23 September 1953 to ensure that the authority which started work in the demilitarized zone on 2 September 1953 be instructed to cease working so long as an agreement was not arranged;

4. *Endorses* this request;

5. *Recalls* its resolution of October 27, 1953 taking note of the statement by the representative of the Government of Israel that the work started by Israel in the demilitarized zone would be suspended pending urgent examination of the question by the Council;

6. *Declares* that in order to promote the return of permanent peace in Palestine, it is essential that the general armistice agreement of July 20, 1949 between Syria and Israel be strictly and faithfully observed by the parties;

7. *Reminds* the parties that under Article 7, paragraph 8 of the armistice agreement where the interpretation of the meaning of a particular provision of the agreement other than the preamble and Articles 1 and 2 is at issue, the Mixed Armistice Commission's interpretation shall prevail;

8. *Notes* that Article 5 of the general armistice agreement between Syria and Israel gives to the Chief of Staff of the Truce Supervision Organization, as chairman of the Syrian-Israeli MAC, responsibility for the general supervision of the demilitarized zone;

9. *Calls* upon the Chief of Staff to ensure the demilitarized character of the zone;

10. *Calls* upon the parties to comply with all his decisions and requests, in the exercise of his authority under the armistice agreement;

11. *Requests and authorizes* the Chief of Staff to explore possibilities of reconciling the interests involved in this dispute including established rights in the demilitarized zone and full satisfaction at all seasons of existing irrigation rights, and to take such steps as he may deem appropriate to effect a reconciliation, having in view the development of the natural resources of the area in a just and orderly manner for the general welfare;

12. *Considers* that neither party has the right of veto over such reconciliation or development;

13. *Directs* the Chief of Staff of the Truce Supervision Organization to report to the Security Council within 90 days on the effect given to this resolution;

14. *Requests* the Secretary General to place at the disposal of the Chief of Staff of the TSO a sufficient number of experts, in particular hydraulic engineers to supply him on the technical level with the necessary data for a complete appreciation of the project in question and of its effect upon the demilitarized zone."

Paragraph 1 above has been redrafted to include each of the Security Council Resolutions referred to in the Israeli draft (see Usun 243, November 6) and the Syrian draft (see Usun 277, November 30), as well as reference to the fact that the armistice agreements supersede the truce as suggested in the Israeli draft.

Paragraph 2 is the Department's draft unchanged.

Paragraph 3 has been redrafted to take account of British suggestion that the Chief of Staff's request be quoted more fully.

Paragraph 4 was suggested by UK delegation and appears to be desirable.

Paragraph 5 eliminates the last clause of the Department's draft as suggested by UK delegation. It seems unnecessary and has not been suggested by Israel.

Paragraph 6 is taken from the Syrian draft.

Paragraph 7 is the Department's draft unchanged.

Paragraph 8 is likewise.

Paragraph 9 is taken from the Israeli draft and in my opinion covers adequately the Israeli argument on the question of "military advantage."

Paragraph 10 is the Department's draft with the addition of the word "all" before "his decisions" and deletion of "past and future" after "requests." "Past and future" seems superfluous and may, as the British think, raise unnecessary apprehensions in the minds of the Syrians.

Paragraph 11 is redrafted to emphasize the principle of a larger development of the resources of the area for the general welfare and at the same time includes the Israeli point concerning guarantees for land rights and water rights. I feel that in this way it can be made clear that if the Banat Yaacov project should be resumed it must be within the context of larger objectives for the area.

Paragraph 12 is a new paragraph which has been added to cover the Israeli argument that Bennike must understand explicitly our view on Syria's right of veto. It is equally applicable to Israeli veto over larger development schemes.

Paragraph 13 is the Department's draft unchanged.

Paragraph 14 is the revised French draft which seems to be useful way of providing Bennike with necessary help to avoid his prejudicing Johnston's plans. The French seem insistent upon it, and Eban appears not to object to it.

It would be desirable to have early meetings with the UK and French delegations. I would appreciate Department's comments.

LODGE

No. 750

683.84A322/12–653: Telegram

The Acting Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL WASHINGTON, December 8, 1953—5:26 p. m.

281. Re Palestine in SC. Your draft resolution in urtel 283, December 6 is quite acceptable to us except provisions of paragraphs 1, 11 and 12. We assume that you will find no basic conflict between your draft and our suggestions re UK and French amendments contained in Deptel 278 of December 5.[1] With specific reference to paragraphs indicated the following are our comments:

Paragraph 1: We prefer our first preambular paragraph which does not raise matter of General Armistice Agreements "superseding the truce". Resolution cited does have this language but objective of Israelis in desiring this wording is, in our opinion, that of having Council appear to endorse position which Eban has given before Council in attempting to refute Bennike's decision on military advantage to Israel in diversion project. It is of course Israel's right to attempt to persuade Bennike to revise his decision on this point but if Council recalls this particular provision to notable exclusion of a number of other provisions in other resolutions cited, undue weight is given to this point and will probably be persuasive to Bennike as to what is Council's intent. Proper procedure for

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[1] Not printed.

Israel in challenging Bennike's decision on military advantage question is to resort to MAC and to obtain an interpretation from MAC as to whether or not Bennike in fact has the authority make decision on matter of military advantage. It is precisely the question this authority which Israelis are raising before Council and which Council should not attempt influence. We would prefer see reference to November 17, 1950 resolution omitted since it does not relate to Syria.

Paragraph 11: If the objective of this paragraph is the same as was ours in paragraph 7, namely to move the Chief of Staff forward toward reconciliation of the rights and interests without necessarily precipitating an early decision on recommencement of the Israeli diversion operation, we feel that our language which is less specific provides basis for slower action on Bennike's part. If, however, you feel that it is essential to be as specific as you propose, we urge you delete word "established" before words "rights in Demilitarized Zone". If "established" is left in Israelis will be quick to allege to Bennike that only established rights in Demilitarized Zone are Israel's as a result of grant given to Palestine Electric Corporation. It is undoubtedly difficult for Arab residents in Demilitarized Zone to document and establish their rights as effectively as Israelis. We believe that in interests of tranquillity in Zone every opportunity should be given to these Arab residents to present their cases as to their rights. Further we strongly urge that phrase "having in view the development of the natural resources of the area in a just and orderly manner for the general welfare" should be deleted.

We understand your objective to avoid any actions which would prejudice chances of success of Unified Plan for Jordan Valley Development. We concur in this objective but fear such a broad directive would create more difficulties than it avoided. It would ask Bennike to take into consideration factors and a project which are outside his presently conceived authority and would make him a further party to be dealt with in any future negotiations on the Unified Plan. It would probably also cause both Israel and the Arab States to believe that we are using this resolution as a means of imposing the Unified Plan. Both Johnston and our field posts have recommended against such a tactic as likely to be counter productive. As we see it, the essential thing at this stage is to get parties immediately concerned (Syria and Israel) back into proper channels for settling their specific differences and to reaffirm Bennike's existing authority, particularly in the Demilitarized Zone.

We are unhappy enough over suggested wording of French amendment but that wording limits Bennike's technical advice to the effect of the diversion project in the Demilitarized Zone itself.

As we read your wording, Bennike would have to take into consideration the political, economic and hydrological problems of the entire Jordan Valley area. While we do not question that the Council has the authority to direct him to consider these matters if it so desires, we believe in balance it is undesirable for him be asked to take step now.

Paragraph 12: We urge the deletion of this paragraph. It is fact, and is proper to hold, that neither party has a right of veto over actions in Demilitarized Zone or in matters of interpretation of the General Armistice Agreement. Since in any of these matters Bennike has the deciding vote it can not be held that either party has a veto. We believe it unwise and unnecessary for Council take cognizance of alleged voting rights which in fact do not exist. Our draft clearly indicates Bennike is deciding factor in Syria-Israeli disputes. This particularly evident if we accept UK wording on Israel's containing suspension of project unless authorized to contrary by COS. Further advantage of deletion would be that it avoids taking flat position against Syrian claim their consent is essential. If we must have Council take cognizance of this Israeli allegation wouldn't it be better to discuss it in our statement before Council?

SMITH

No. 751

683.84A/322 12-953: Telegram

The United States Representative at the United Nations (Lodge) to the Department of State

CONFIDENTIAL PRIORITY NEW YORK, December 9, 1953—2 p. m.

285. For the Secretary from Lodge. Re: Palestine in SC. This refers to telegram 281 [1] regarding Palestine.

Believe it is utterly vital that nothing that the US does on this question should allow any ground for the contention that this administration is moving away from minimum positions taken by the preceding administration. What we do in the future should and will be different, but we must not do anything which looks like trying to turn back the clock.

In this spirit I point out that the previous administration is clearly on record as favoring general development of the area which I have tried to cover in my paragraph 11 in language which is taken directly from statements made here by the US on the Huleh question, May 18, 1951.

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[1] *Supra.*

The previous administration also made it very clear that they considered that this matter should be viewed on the basis of civilian and peaceful development and not on the basis of military advantage and that the word "demilitarization" was intended to cover troops and not topographic and other features. It was for these reasons I included reference to the truce superseding the armistice in paragraph 1, and demilitarization in paragraph 9.

I also regard these points as vital as regards my paragraph 12. I hope I may have authority to include it in our statement if you do not desire to have it in the resolution, although I believe it is less contentious to include it in the resolution.

I am discussing this with French and British and will let you know their reactions.

LODGE

No. 752

684A.85322/12-1053

Memorandum by the Deputy Director for International Organization Affairs in the Office of United Nations Political and Security Affairs (Popper) to the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] December 10, 1953.

Subject: Status Report on Banat Yakov

1. Status of Department Draft

On December 4 you approved a draft resolution on this problem, which USUN communicated to the British and French Delegations for their views (Tab A). [2] The principle underlying this draft is that the Security Council should pronounce itself in support of the authority of General Bennike, without entering into the merits of the dispute, and should return the problem to him and to the parties for settlement. The British desired amendment of the paragraph calling upon the parties to comply with Bennike's decisions (paragraph 6) so as to call upon Israel to continue the suspension of the work unless General Bennike authorized its resumption. We told Ambassador Lodge this concept could be added to the resolution but must not replace our paragraph 6. The French accepted our draft with the provision that their paragraph calling for a Commission of water experts to assist Bennike should be added. This point has now been reduced to manageable proportions and incorporated in our draft.

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[1] Sent through the Executive Secretariat. A note by O'Connor on the source text indicates that the memorandum was seen by the Secretary on Dec. 10.

[2] The tabs herein mentioned do not accompany the source text. Tab A was presumably the draft resolution contained in telegram 261 to New York, Document 743.

2. *Position of the Parties*

Israel maintains that the Security Council should clearly indicate that it approves of the Banat Yakov project; that the Council should make clear to Bennike that he should reach agreement with Israel without the necessity of Syrian concurrence; and that the Council should indicate the type of agreement with regard to civilian rights into which Israel should enter with Bennike.

The Syrians propose that the Security Council recognize that the project constitutes a military advantage for Israel and could affect the normal civilian life of Arabs depending on the river. It therefore is inconsistent with the objectives of the armistice agreement and the Council should decide that projects of this kind cannot be carried out without prior consent of the other party, i.e., Syria.

3. *Ambassador Lodge's Redraft*

On December 6 Ambassador Lodge sent you a redraft of the resolution (Tab B),[3] the basic elements of which we found acceptable except for the following:

(a) The Ambassador changed the preamble to state specifically that the Council considers that the general armistice agreement supersedes the truce. Our draft had used more general language which did not mention this point.

(b) Paragraph 11 of Ambassador Lodge's draft suggests that in reconciling the rights and interests of the parties Bennike must take into consideration the over-all development of the natural resources of the entire area.

(c) Paragraph 12 of Lodge's redraft states specifically that neither party has the right of veto in this process. Our draft did not contain this provision.

There are several other differences between Ambassador Lodge's redraft and the Department resolution which do not cause us any difficulty.

4. *The Issues Involved*

(a) Should the resolution specifically state that the armistice supersedes the truce? The basic question raised here is whether the element of "military advantage" constitutes valid ground for Bennike's decision that the Israelis should stop work. The Israelis maintain that since the general armistice agreement supersedes the truce, General Bennike was acting without authority in decid-

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[3] Presumably telegram 283 from New York, Document 749.

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ing that military advantage is a factor in the problem. Our position has consistently been that we must support Bennike's authority, and he has held that military advantage is a factor in the situation. Ambassador Lodge now wants us in effect to go into the merits of the question and to have the Council imply that it is not a factor. This supports the Israeli thesis.

(b) Should the Council require Bennike to take into consideration over-all development of the area? Our position has been that to do this would amount to asking Bennike to take into consideration over-all factors outside his present authority and thereby injecting him into future negotiations on the Johnston unified plan. Both Israel and the Arabs might suspect we would use the resolution to impose the plan on them. Both Johnston and our embassies oppose such a tactic. As we see it, the essential objective is to get Syria and Israel back into proper channels under the armistice agreement for settling their differences and to reaffirm Bennike's existing authority in the demilitarized zone, without raising the question of the connection of this with the unified plan.

(c) Should the Council specifically deny the alleged "veto right" of the parties? We have always held that there is no such right, but to say it specifically in a resolution would violently antagonize the Syrians. If fact, this point is already implicit in the resolution, since Bennike has the deciding voice, and this can be explained in our statement if necessary.

5. Ambassador Lodge's Reaction

The foregoing views were communicated to Ambassador Lodge on December 8 (Tab C). [4] Lodge's rejoinder reached us today (Tab D). [5] He is concerned that we should not appear to be less friendly to the Israelis than the previous administration, using the precedent of the Huleh case which was before the Council in 1951. This case differs in certain respects from the instant case. Ambassador Lodge is particularly concerned that we should stress the desirability of peaceful development of the entire area and should not allow the concept of military advantage to obstruct it. We feel that, as our work on the unified plan indicates, this administration is even more concerned with area development than the previous administration. This point can be made fully clear in our statement. We do not accept the analogy with the Huleh case which involved a conflict of interests entirely within the demilitarized zone and which was settled on a basis of compensation of interests adversely affected. In the Huleh case the question of military advantage was considered a factor and was settled in favor of Israel.

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[4] Presumably telegram 281 to New York, Document 750.

[5] Presumably telegram 285 from New York, Document 751.

Ambassador Lodge says he is discussing his views with the French and British.[6]

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[6] A draft resolution was submitted jointly by France, the United Kingdom, and the United States to the Security Council at its 648th meeting on Dec. 16; for the text, not printed here, see U.N. doc. S/3151. As an alternative to this three-power joint draft resolution, Lebanon submitted a draft resolution at the 649th meeting on Dec. 17; for the text, see U.N. doc. S/3152.

A second revision of the draft resolution submitted by France, the United Kingdom, and the United States (U.N. doc. S/3151/Rev.2) was voted on by the Security Council at its 656th meeting on Jan. 22, 1954; the text is printed as Document 770.

No. 753

784.00/12-1153: Circular airgram

The Acting Secretary of State to Certain Diplomatic and Consular Offices[1]

SECRET WASHINGTON, December 11, 1953.

CA-3150

Since the passage of the UNGA resolution of November 29, 1947 calling for *corpus separatum* status for the city of Jerusalem and vicinity, the Vatican has steadfastly adhered to that principle as offering the best protection of the Holy Places. It now appears . . . , that the Vatican may be willing to accept something less than territorial internationalization of Jerusalem.

A copy of a memorandum . . . , is attached. It will be noted that "The Holy See, as a provisional measure to remove the imminent danger (to the Holy Places), would be disposed to accept the demilitarization of the zone of Jerusalem within a radius of fifty kilometers". The provisional nature of the arrangement might be accepted as definitive under certain circumstances (see para 5 of the memorandum). Two formulas are suggested in the memorandum (para 7) but neither appears to contain that degree of practicality necessary to offer some hope of success. Instead, a simpler formula might be for discussions to be held between Jordan and Israel under the provisions of Article VIII of the Jordan-Israel Armistice Agreement, or, possibly, by direct negotiations between Jordan and Israel if the political atmosphere should permit.

Informal discussions with U.S. military officials have revealed that demilitarization of an area within a radius of fifty kilometers of Jerusalem would affect Jordan and Israel equally. As the radius is diminished, the effects of demilitarization tend to favor Israel more than Jordan because of the importance of Jerusalem as a center for Jordan surface communications. However, it would not seem out of the question to find a way around this difficulty, if agreement in principle were reached.

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[1] Sent to Amman, Jerusalem, and Tel Aviv; repeated to Baghdad, Beirut, Cairo, Damascus, Jidda, London, Paris, Rio de Janeiro, and Rome.

The Department finds demilitarization of the Jerusalem area an interesting idea and would welcome the opinions of addressees regarding the practical possibilities of such an arrangement. The Department has agreed to speak with the Brazilian Ambassador again in the near future and would therefore appreciate having replies from addressee posts as soon as possible.

As of further interest, a copy of a confidential British Foreign Office *Aide-Mémoire*, dated October 26, 1953, setting forth British views on the Vatican idea, is also attached.[2]

SMITH

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[2] Not printed.

No. 754

683.84A322/12-1653

Statement by the United States Representative at the United Nations (Lodge) Before the Security Council on December 16, 1953[1]

The Security Council since October 27 has had under consideration the Syrian complaint on the diversion of the Jordan River. We have heard the representatives of Syria, Israel, Lebanon and Pakistan in a number of important statements. The United States has followed the development of the debate with intense interest. As a result, we have come to the following conclusions:

First, strict compliance with the armistice agreement entered into between Israel and Syria is of vital importance to the peace of the area and this question is intimately involved in the present case.

Second, the primary responsibility of the Security Council in this matter is to uphold that armistice agreement which it endorsed in its resolution of August 11, 1949 as superseding the truce and facilitating the transition to permanent peace. The agent of the Security Council for these purposes is the chief of staff of the truce supervision organization.

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[1] The statement was made to introduce the tripartite draft resolution (U.N. doc. S/3151) on behalf of France, the United Kingdom, and the United States. This is a verbatim text as sent to the Department on Dec. 16 in telegram 279 from New York (683.84A322/12-1653); for the text as printed in the Security Council *Official Records*, see U.N. doc. S/PV.648.

Third, development projects which are consistent with the undertakings of the parties under the armistice agreement and which are in the general interest and do not infringe upon established rights and obligations should be encouraged.

The decision of the chief of staff for the continuance of the diversion of the Jordan river project would be subject to these considerations. The chief of staff, as the authority responsible for the general supervision of the demilitarized zone, is the proper authority to determine whether the project now in question meets these conditions. Any unilateral action, from whatever side, which is not consistent with this authority of the chief of staff threatens the effective operation and enforcement of the armistice agreement. Similarly, no government should, in our opinion, exercise a veto power over legitimate projects in the demilitarized zone.

On the basis of these conclusions, the United States has joined with France and the United Kingdom in submitting for the consideration of the Council, the draft resolution [2] which has been circulated. This resolution makes clear in our opinion:

(a) That the chief of staff of the truce supervision organization, as chairman of the Syrian-Israel mixed armistice commission, is the responsible authority with respect to questions affecting the demilitarized zone under Article 5 of the armistice agreement;

(b) That the issues raised by the Jordan River diversion project should be judged by the chief of staff in accordance with his authority under the armistice agreement, and

(c) That in these and other questions concerning the status of the demilitarized zone an important consideration should be the just and orderly development of the natural resources affected, with due regard for the general welfare and the interests of the parties and individuals concerned.

To these ends, Mr. President, we hope that the Governments of Israel and Syria will cooperate fully with the chief of staff and that they will mutually benefit from his decisions. In the opinion of the United States, the draft resolution represents the proper line of action for the Security Council to take in this case.

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[2] U.N. doc. S/3151.

No. 755

684A.85/12-1953

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET [WASHINGTON,] December 19, 1953.

Subject: Banat Ya'qub Resolution

Participants: The Secretary
Dr. Charles Malik—Lebanese Ambassador
Mr. Byroade—NEA

Dr. Charles Malik of Lebanon called upon the Secretary at 10:00 A. M. December 19th to discuss the situation in the United Nations re the Banat Ya'qub case.[1]

Dr. Malik in his presentation stressed the depressed and discouraged state of mind of Arab Delegations over the manner in which the Resolution on the above subject had been handled. He felt that the Arab reaction was that their work had been in vain and that their suggested amendments had not been seriously considered. There was a feeling that in any issue involving Israel justice or truth did not prevail but that the Three Powers tried to come up with solutions which would take a political balance between the views of the Israeli and the Arabs. He made the case that all the Three Powers had to do was to support the Bennike position, which in his opinion made quite clear that Syrian agreement must be obtained for the project in question. He stated that issues greater than the Canal project were involved and this was a fight by the Arab world to insure that the status of the Demilitarized Zone, as defined under the Armistice Agreements, could not be altered without Syrian consent.

Malik stated that the most disturbing factor to him was that he believed Russia might veto the present Three Power Resolution. He could not prove this but it seemed to him so logical that the Russians would capitalize upon Arab unhappiness with this Resolution to cast a veto and thus enhance their prestige in the Middle East. He felt this extremely dangerous and hoped we could make sufficient changes in our Resolution to forestall such a possibility.

The Secretary replied that he had come to the conclusion it was impossible to win the friendship of either side in matters of dispute between Israel and the Arab States. We are bound by a policy in which we endeavor to do what we think is just and right in such cases. This only incurs the wrath of both sides. He reluctantly concluded that we could only win the friendship of either side if we deliberately devised policies to "hurt" the other side.

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[1] Lebanon submitted a draft resolution (U.N. doc. S/3152) in the Security Council on Dec. 17 as an alternative to the tripartite draft resolution (S/PV.649).

The Secretary stated that he had spent considerable time on this matter and that our draft had not been devised on a political basis. He stated that he had asked Mr. Phleger, who had great experience in legal matters involving riparian rights, to advise him on this matter. Mr. Phleger had taken the thesis, in which the Secretary concurred, that corresponds to American procedures on matters of this type. We do not believe in this country that one riparian interest can veto the use of water but that water should be useable to all in a just and fair way. When one considers the question of an Arab veto, in view of the past history in the area, he was afraid we would have to conclude that that veto would not be used in a constructive manner but used simply to hurt Israel if opportunities afforded.

The Secretary concluded that a far easier course for him to take would be bow to political pressures in this country and to agree with the segment of our people who thought that Arab friendship is impossible and therefore we might as well at least have the friendship of Israel. He had no idea of following such a course but would continue to do what he thought was right regardless of the pressures involved.

No. 756

684A.85322/12-2353

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] December 23, 1953.

Subject: 1. The Banat Ya'qub Project.
2. The Secretary General's Summons to Jordan to meet with Israel under Article 12 of the General Armistice Agreement.
3. Egyptian Suez Canal Blockade Against Israel.

Participants: Mr. Abba Eban, Ambassador of Israel
Mr. Reuven Shiloah, Minister of Israel
Mr. Henry A. Byroade, Assistant Secretary, NEA
Mr. Parker T. Hart, Director, NE

1. Ambassador Eban expressed his appreciation for the helpful attitude shown by Ambassador Lodge and USUN in connection with the Tripartite Resolution. While Israel had not gained all she

hoped for under that resolution, she recognized that the resolution constituted an appropriate position for the three powers to take and hoped that they would now stand firm and resist pressures for changes of substance. Postponement of a vote at the next meeting of the Security Council seemed desirable in view of the unlikelihood of passage during 1953. Eban felt that such postponement could not validly be considered as an improper maneuver since the current composition of the Security Council gave a lop-sided weight to the Syrian position by insuring Syria of two sure votes (Lebanon's and Pakistan's) in addition to the Russians'. Pakistan's attitude was hardly representative of a British Commonwealth viewpoint on Arab-Israel problems. As for the position of the Soviet Union, he had discussed the question of a possible Soviet veto with Mr. Tsarapkin, who seemed astonished that Israel should believe that the USSR would exercise a veto on such a matter as this. He had been assured by Tsarapkin that the Soviet practice was to exercise the veto only where direct Soviet interests were in play. Eban therefore discounted the probability of a Soviet veto.

Mr. Byroade commented that the Department might have to give some further consideration to the phraseology of paragraph 11 of the Tripartite Resolution [1] which had evoked dissatisfaction on both sides at various times and the drafting of which could bear improvement.

2. Ambassador Eban raised the question of Jordan's obligation to respond favorably to the summons of the Secretary General of the UN to a meeting with Israel under Article 12 of the Israel–Jordan General Armistice Agreement. He hoped that the U.S. Government would support the Secretary General in these summons. Mr. Byroade replied that the U.S. Government had already indicated to Jordan and to other Arab states its belief that Jordan was obligated legally to accept the summons and that she would place herself in a most unfortunate position if she refused.

3. Ambassador Eban referred to the recent extension of Egyptian regulations calling for blockade of Israel. Israel was not so much concerned over the extension itself which now covered foodstuffs and virtually every other category of supplies to Israel, as over the fact that the blockade existed at all. Egyptian blockade practices

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[1] The eleventh paragraph (numbered paragraph 9) of the joint draft resolution introduced on Dec. 16 reads as follows:

"*Requests and authorizes* the Chief of Staff to explore possibilities of reconciling the interests involved in this dispute including rights in the demilitarized zone and full satisfaction of existing irrigation rights at all seasons, and to take such steps as he may deem appropriate to effect a reconciliation, having in view the development of the natural resources affected in a just and orderly manner for the general welfare." (U.N. doc. S/3151) had been condemned by the Acting Mediator in 1949; by the UN Chief of Staff in 1951; by the Mixed Armistice Commission in 1951; and by the Security Council itself in September 1951. Israel now seeks international action against this long-standing abuse of law and hopes for U.S. Government support. Contrary to statements which had been bruited about Washington, Israel was not working against an Anglo-Egyptian Agreement. Israel favored such an agreement but felt that she had a right to assure herself that if it did occur, Israel's vital interests would not be adversely affected by a shift of power following British withdrawal of troops and that Israel would be protected from further Egyptian blockade in violation of the International Convention of 1888 respecting freedom of transit of the Suez Canal. Mr. Byroade replied that the Department was concerned over stories which had issued from London concerning British Zionist pressure on Parliament against an Anglo-Egyptian base agreement and the withdrawal of British troops from Egypt. Mr. Byroade did not imply that Israel was implicated in this effort but he had it direct from a British Zionist source that British Zionists had actively sought to have the UK withdraw from the negotiations with Egypt. Minister Shiloah deprecated the validity of this information. He felt sure that British Zionists had not made an effort to defeat the Anglo-Egyptian negotiations. Mr. Byroade reiterated his belief which he had previously expressed that this was a poor time to summon Egypt before the bar of world opinion. The U.S. had made repeated diplomatic representations to Egypt regarding the blockade and we would continue to do so. We felt, however, that tactically, a UN debate on this subject would injure the chances for an Anglo-Egyptian agreement and he hoped Israel would see the problem in this light.

No. 757

684A.85/12-2453: Telegram

The Secretary of State to the United States Mission at the United Nations

CONFIDENTIAL WASHINGTON, December 26, 1953—5:04 p. m.
PRIORITY

304. Re Palestine in SC (your telegram 313).[1] Zeineddine (Syria) called at his request this morning and gave us detailed review of Arab position. He prefers no resolution to tripartite resolution in present form. He asserts our resolution cannot be passed because it

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[1] Not printed.

will not receive seven votes and even if after January first there should be required majority in new SC Soviets still will veto.

We are concerned at propaganda advantage which would accrue to Soviets if they should use their veto on behalf of Arabs. Now that Zeineddine has taken initiative and approached us indicating clearly continuing desire reach agreement with us suggest you consider following possible modifications which we developed in light of Zeineddine's principal criticisms of tripartite resolution.

1. As you know Zeineddine's main concern is failure of tripartite resolution to make clear in paragraph 11 that Syrian agreement is necessary for continuation of Israeli project. To make this clear he proposes that we insert after "to explore" the following: "with full regard of rights, obligations and consent of parties." In the alternative he suggests after "the interests" in second line paragraph 11 insertion "of the parties to the dispute on the basis of mutual agreement." While he recognizes Bennike has authority reconcile rights of individuals within DZ without consent of Syria he claims agreement by Syria is necessary in reconciliation of rights and interest of Syria. He claims that Article 11 adds new authority to Bennike particularly in view last clause directing him to have in view development of natural resources and general welfare. He was most emphatic in his opposition to this last clause as going beyond SC function as organ for peace and security.

In light of above suggest you explore possibility redraft Article 11 as follows: "Requests and authorizes Chief of Staff to explore possibilities of reconciling the interests involved in this dispute including rights in the DZ and full satisfaction of existing irrigation rights at all seasons, and to take such steps as he may deem appropriate to effect a reconciliation, it being understood that in seeking such reconciliation Chief of Staff may not without the consent of the parties exceed the authority accorded to him by the terms of the General Armistice Agreement."

This text in our view is not contrary to our position that we shall not accept amendments which would modify basis of tripartite resolution. It does not require Syria's agreement to steps taken by Bennike under his GAA authority unless he himself decides such agreement is necessary. We are of course not certain that this amendment would satisfy the Arabs.

2. Zeineddine strongly opposes paragraph 13 in present form and believes it should merely ask SYG to provide additional personnel. If Arabs agree on acceptable version of paragraph 11 and paragraph 13 becomes only point of disagreement you may wish raise this point again with the French with view to developing some language more acceptable to the Arabs.

3. Zeineddine again emphasized need for Israel cooperation in MAC consideration of problems arising in DZ. We might meet his point by adding to present paragraph 7 a clause calling on both parties to cooperate with MAC.

Department made clear to Zeineddine we could not give him any assurances on specific amendments but assured him we shall consider his views. He understood specific language would have to be discussed in New York.

Malik (Lebanon) and Zeineddine calling on Secretary Monday morning.

DULLES

No. 758

684A.85322/12-2853

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

CONFIDENTIAL [WASHINGTON,] December 28, 1953.

Subject: Tripartite Draft Resolution on the Palestine Question (Banat Ya'qub Water Diversion).

Participants: Dr. Farid Zeineddine, Ambassador of Syria
Dr. Charles Malik, Ambassador of Lebanon
John Foster Dulles, Secretary of State
Mr. John D. Jernegan, Deputy Assistant Secretary, NEA
Mr. Parker T. Hart, Director, NE

Ambassador Zeineddine outlined to the Secretary the Syrian position regarding the Tripartite Resolution on Banat Ya'qub with particular reference to paragraph 11. He stated that while Syria recognized that the Chief of Staff of the Truce Supervision Organization possessed certain powers of his own accorded to him by the Armistice Agreement, these did not extend to the machinery of conciliation or "reconciliation". Paragraph 11 seemed to give to General Bennike duties of an undefined scope which more properly belonged to the Palestine Conciliation Commission. Ambassador Zeineddine wished to make it clear that Syrian consent was required where Syrian rights were involved and the resolution should not contain language which might give Israel the excuse to concert with Bennike on Syria's rights without Syria's consent. The Demilitarized Zone was an area in which each side had reserved its rights and where neither side had rights of sovereignty. Syria was much disturbed by Israel's policy, carried on since 1951, of encroaching on the Zone first by sending in Israeli police to control it, and finally by diverting water and simultaneously asserting that Israel was sovereign in the Zone and that Syria had no rights whatever in it. Actually certain Syrian rights to draw on Jordan water for use even outside the Zone had been recognized for a long time. On the other hand no use of Jordan water beyond the Zone on the west bank had existed before the Banat Ya'qub diversion. Syria desired to have explicit language reaffirming the necessity of Syrian consent in matters involving Syria's rights. Furthermore, the Tripartite draft resolution in its present form stood no chance of adoption in the Security Council due to the threat of Russian veto even in the unlikely eventuality that it obtained seven votes.

The Secretary gave a general summary of American courses of action on Arab-Israel relations taken during 1953. United States Government actions by now should have proven to the Arabs that the United States Government was not acting with pro-Zionist bias, even though it did not respond to all Arab desires. The U.S. Government was seeking just solutions, not measures to please either side. The Tripartite draft was a case in point. The Secretary had never discussed this resolution with the Israeli Ambassador. In fact, his only previous discussion of it with a foreign representative was with Dr. Malik a few days ago. The United States was not prepared to see inserted in this resolution a change which would give Syria the right to veto any and all developmental action in this area of the Jordan Valley, any more than it would agree to unilateral seizure of water by either side. History showed that while Arabs and Israelis might talk together constructively at technical levels, the moment discussions reached a policy level, pressures on the Arab Governments forced them to take a public stand against any agreement which would permit benefit to Israel regardless of accompanying benefit to the Arab States. Consequently, he feared that a veto power would be used by Syria to block any constructive work.

Zeineddine interjected that his government would be quite happy over any use of the Jordan waters which would benefit the Arab refugees and it would not stand in the way of projects directed to this end. Syria had no intention of exercising a "veto" but simply desired to be assured that where her rights were in question, her consent would be required and not waived by others. Her main concern was that the Armistice Agreement should not be weakened. He had a few "slight changes" in the resolution to suggest and had already communicated these to Mr. Jernegan on December 26.

The Secretary read aloud the provisions of new Article 14 of the Tripartite Resolution (S/3151/Revision 1, December 21, 1953)[1] which he personally had drafted to meet what he understood to be the principal concern of Ambassador Zeineddine. He would be willing to discuss with Mr. Jernegan any further points which the Ambassador had raised with Mr. Jernegan, but made no commitment to change the draft resolution.

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[1] Not printed, but see the second revision of the tripartite resolution, S/3151/Rev. 2, Document 770.

No. 759

784.00/12-3153: Despatch

The Ambassador in Jordan (Mallory) to the Department of State

SECRET AMMAN, December 31, 1953.
No. 232

Subject: Comment on Vatican Attitude Toward Internationalization of Jerusalem

The Embassy has read with a great deal of interest the Department's Instruction No. CA–3150 of December 11, 1953, and its enclosures with regard to the views of the Holy See in connection with a possible demilitarization of a zone within a radius of 50 kilometers from Jerusalem. This suggestion has apparently been put forth by the Holy See as a provisional measure to remove "imminent danger" to the holy places.

However desirable the proposal may seem it appears to the Embassy that it is divorced from the realities of the existing political situation. There has been no lessening of the tensions which exist between Jordan and Israel over the past several years. On the contrary, owing to the Qibya incident and to other incidents well known to the Department bitterness against Israel in this country has reached greater proportions than ever before. It is believed to be unlikely that Jordan would consider the demilitarized zone proposal.

The Embassy notes that informal discussions with U.S. military officials indicate that demilitarization of the area recommended would affect Jordan and Israel equally. Without presuming to question the professional views of the U.S. military, the Embassy ventures to doubt that either the Government of Jordan or the Arab Legion would see the matter in that light. It seems possible to the Embassy that Jordan would feel that the superior road system, particularly the subsidiary road system, of Israel would place that country in a militarily favorable position in the event of the outbreak of hostilities between the two countries. A circle with a 50 kilometer radius drawn from Jerusalem would appear to take in the heartland of Jordan. It would include Nablus to the north, Hebron to the south, and would take in practically all of southwest Jordan. This seems rather a large proportion of Jordan. Israel too would be precluded from maintaining military installations in many of its most important areas.

The formulas advanced by Brazil for the definitive settlement of the question of the zone of Jerusalem and of peace between Jordan and Israel seem to the Embassy equally unrealistic at this time. The Embassy does not consider that it would be possible now or in the foreseeable future to establish Jerusalem and its environs as a true international zone without a resort to force of arms. Insofar as a peace treaty is concerned the views not only of Jordan but of the other Arab States have been made clear so often and so recently that comment hardly seems necessary.

For the Ambassador:
ANDREW G. LYNCH
Counselor of Embassy

No. 760

684A.85/1-254 Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, January 2, 1954.

496. In informal conversation with Israeli Minister Shiloah today, Department Officer suggested that it would be well for Israel to avoid drastic action in response to anticipated Jordanian rejection of proposed Article 12 talks. [2] Suggested Israel might be well advised to accept "alternative" of discussions in MAC under Article 11. Department expressed thought that important thing is to make contact and at least open possibility of concrete progress rather than simply to score legal debating point against Jordan for violating Article 12 provisions. Pointed out our understanding that Arabs had made considerable effort to avoid being completely negative in reply to Secretary General's communication which Department felt was encouraging sign.

Shiloah said his Government had reached no decision on how to treat negative answer but he personally thought that it impossible to agree that talks under Article 11 could replace Article 12 meeting or to acquiesce in Jordan violation of AA by refusal to abide by Article 12. Considered this would undermine whole structure of Armistice Agreements with other Arab States as well as with Jordan and could even have repercussions in other areas by weakening respect for international engagements. Pointed out US has recently been emphasizing importance of maintaining Armistice Agreements in connection with Qibya and Banat Ya'qub and should not take different attitude this case.

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, and Jerusalem.
[2] See footnote 2, Document 738.

Agreeing it probably unwise for Israel to take precipitate action, Shiloah promised to convey our tentative thoughts to Jerusalem. (It was made clear our suggestions did not represent firm US position.) He thought however proper course for Israel would be to continue efforts to bring about Article 12 meeting. One possible means he mentioned would be for Secretary General to convoke such meeting under his authority conferred by Armistice Agreement without regard to Jordanian response to his initial inquiry.

In course conversation, Shiloah expressed strong hope we would not inform Arabs that we had made any suggestion to Israel re possible acquiesence in Jordanian position.

He raised again question of Egyptian blockade of shipments to Israel through Suez contrary to terms Security Council resolution and argued it inconsistent for US to ignore this while censuring Israel for violations of Armistice Agreements. Insisted Israel would sooner or later have to bring this question to a head, either through new Security Council appeal or possibly by requesting direct talks with Egypt under provisions of Armistice Agreement. He was told we saw no advantage in forcing this issue.

DULLES

No. 761

Editorial Note

On January 4, 1954, the Palestine Conciliation Commission submitted its thirteenth progress report to the General Assembly, covering the period from November 28, 1952 to December 31, 1953. The Commission stated that since the General Assembly had not taken any new decisions with regard to its work, the Commission considered that it was still guided by Resolution 512 (VI) adopted by the General Assembly on January 26, 1952. The Commission stated that because it had failed to obtain results by the procedures available to it, and because of the unchanged attitude of the parties, it had for the present decided to continue meeting at United

Nations Headquarters in New York, where it would pursue its efforts to solve the questions of compensation for the Palestine refugees and the release of Arab refugee bank accounts in Israel. (U.N. doc. A/2629)

No. 762

684A.85322/1-954: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET DAMASCUS, January 9, 1954—9 p. m.

268. In discussing Israeli diversion project today, Ambassador Zeineddine forcefully presented Syrian arguments against three-power resolution as tabled. Declared Arab delegations regarded SC action on this question more important than that on Qibya massacre because tripartite draft attempts to alter terms of armistice agreement and vote will provide indication of future Western attitude.

Describing Russian motives as different from those of Arabs, Zeineddine professed reluctance utilize Russian aid. Nevertheless he asserted USSR would vote with Arabs "on this and other Paletine questions" and predicted disregard for Syrian "rights" under armistice agreement would lead to defeat of tripartite draft either by majority vote or by Russian veto. He states Arabs considered Russian veto with its dangerous and unpredictable consequences preferable to adoption tripartite text.

Shishakli's absence (Embtel 265, January 9) [2] has prevented Zeineddine from seeing him but Zeineddine expects discuss his proposed changes in draft resolution with the Syrian President shortly and hopes obtain official approval.

MOOSE

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[1] Repeated to Cairo, London, Paris, Moscow, Baghdad, Beirut, Amman, Jidda, Jerusalem.

[2] Telegram 265 from Damascus, Jan. 9, not printed, reported in part that Shishikli had been vacationing since Jan. 1, his longest absence from Damascus for the past 2 years. As a result of his absence, a rumor was circulating (apparently originating from his opposition) that he was suffering from a paralysis. (783.11/1-954)

No. 763

784.00/1-1154: Despatch

The Consul at Jerusalem (Tyler) to the Department of State

SECRET JERUSALEM, January 11, 1954.
No. 129

Ref: Dept's CA-3150 December 11, 1953

Subject: Internationalization of Jerusalem

Summary

General Dayan, Chief of Staff, Israel Defense Forces, has informed me that subject to the definition of demilitarization of Jerusalem, he believed Israel would not only consider it favorably but had already discussed it. The Vatican retreat, if true, is most startling of revised thinking on this problem. Jordan has taken a far more open stand against internationalization; Colonel Eddy, former American Minister to Saudi Arabia has changed his mind and is now against internationalization as is the majority of the Palestine Refugee Political Committee under the chairmanship of Dr. Izzat Tanncus in Beirut. One obstacle to settlement of the issue is Israel's defiant move of her Foreign Office (Con despatch 10, July 14, 1953).[1] If the problem is settled by keeping the city divided as now Israel will again be boosted in her self-righteousness and Arabs will have another reason to deplore United Nations and Western inability to make Israel conform to any standards other than Israel's own desires.

1) On a visit to Jerusalem January 2 General Dayan and his wife and three children paid us a visit. Knowing how much Mrs. Dayan loves Jerusalem I asked the General privately whether there would ever be any possibility of moving the General Staff of the Israel Defense Forces to the city. I recalled that the number of troops in both sides of Jerusalem was limited by the Armistice Agreement with Jordan and wondered if complete demilitarization took place whether that would improve the chances of his coming here to live. Dayan replied that depending on the definition of demilitarization he felt Israel would agree to it and in fact had already been discussed.

> "If you ever tell anyone that the Chief of Staff, whose job it is to defend Israel and its government, ever suggested the demilitarization of the capital, I'll deny it," he warned me smiling.

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[1] Not printed.

I have no idea how Jordan would take such a proposal. Guessing, however, from the increased preparations the Arab Legion has taken in Jerusalem and especially around Mount Scopus, I doubt Jordan would be willing to trust Israel promises of demilitarization.

2) On November 7, 1953, Monsignor MacMahon called on me in my office. No hint of the Vatican proposal of demilitarization seems to have come to him, or if it had I obtained the impression that Monsignor MacMahon would stoutly maintain his stand for a *corpus separatum*. The same is true of all the Roman Catholic clergy I know here with the possible exception of His Paternity, the Custos of the Holy Places (Franciscan Order). He paid a New Year's call on me on January 4 and brought up the question of the internationalization of Jerusalem. I said I did not know what the future would be nor of any plans being made but it appeared that the present division of the city would continue for a long time. He agreed.

3) Jordan, apparently, is returning to her original stand of unconditionally opposing internationalization. When the Jordan Prime Minister returned from the Arab League Political Committee meeting in Cairo last September he told an AP correspondent that Jordan continues as before to oppose vigorously the internationalization of Jerusalem.

> "Events have shown that the Arab States must hasten to change their attitude on this question and to work together to preserve the Arabism of the Holy City," he added (Amman Joint Weeka No. 2 September 16, 1953).[2]

This is in contrast to former Prime Minister Abdul Huda's statement in the earlier part of the year that while Jordan did not favor the internationalization of Jerusalem it would take no steps without consultation with the Arab League.

4) Another change of opinion which may be noted for the record is that of Colonel William A. Eddy, former American Minister to Saudi Arabia, and well known for his espousal of the Arab cause. Writing from Beirut, where he is political advisor to Tap Line, in a latter dated August 5, 1953 to the Honorable Adlai Stevenson, Colonel Eddy states:

> "As you will see from the enclosed, I no longer believe any useful purpose can be served by attempts to internationalize Jerusalem. To that extent, the pamphlet I gave you in Beirut is out of date. Too much milk-toast has floated under the bridges of the UN for the Arabs to have any confidence in a UN Commission ruling Jerusalem."

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[2] Not printed.

5) The enclosure to which he refers reports the majority opinion of the Palestine Refugee Political Committee under the chairmanship of Izzat Tannous as believing that the interest of Jerusalem is no longer "either possible or desirable." (See enclosure No. 1) [3]

6) The Islamic Congress for the Palestine Question (Contel 98, Dec. 8 and Con despatch 112, Dec. 11, 1953) [4] which recently met in Jerusalem also denounced the internationalization of the city. Officially the reason given (page 3 reference despatch and resolution No. 6) was that the internationalization of Jerusalem was "a conspiracy against the Moslem world". Fear of the city becoming wholly Jewish was also one of the reasons behind this resolution, however, with perhaps a certain amount of pressure from the Jordan delegation.

Comment:

The above shows the trend of opinion away from internationalization. But whatever solution is finally made of the problem it appears to me essential for the preservation of the Holy Places and for a sense of security among Christians regarding the safe-guarding of those Holy Places, to have Jerusalem demilitarized. The present seems an appropriate time to initiate discussions. The UN resolution is still on the books and in spite of the Arab economic blockade of Israel, Jordan keeps Mandelbaum Gate open for the passage of pilgrims to the Holy Places and the passage of United Nations personnel in the area as well as members of the Consular Corps in deference to that resolution. But Jordan's hardening attitude may mean an attempt on her part to have the Arab States acquiesce in her sovereignty over the Arab half of Jerusalem and perhaps a closing of Mandelbaum Gate, the only entry into Israel by land for persons without diplomatic passports. Thus discussions on demilitarization or Christian interests in Jerusalem would have to be taken with two states insisting on their sovereignty over the two parts of Jerusalem and more difficult than is now the case when theoretically and legally (though not actually) Jerusalem is an international city.

If Jordan would agree to demilitarization it is almost certain the discussions and agreement would have to be made without any publicity. Therefore Israel should be warned in advance that she must keep knowledge of any preliminary talks or negotiations secret and resist the temptation of trumpeting abroad her willingness to demilitarize her own capital and blaming Jordan as usual for blocking every effort toward peace.

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[3] Enclosure 1 to this despatch, not printed, was a copy of Eddy's letter of Aug. 5, 1953.

[4] Not printed.

S. ROGER TYLER, JR.

No. 764

684A.85322/1-954

The Department of State to the Embassy in Syria [1]

CONFIDENTIAL
PRIORITY

WASHINGTON, January 11, 1954—6:31 p. m.

281. FYI. Re Embtel 264 Jan 9 [2] Department and USUN are considering several possible revisions paragraphs 5, 9, 11 and 13 including those suggested by Zeineddine to USUN New York on Dec 29. Revisions he proposed to USUN were substantially same as those he proposed to Department Jan 4 except for slight difference in wording of 11. Our hope is that Zeineddine and Malik can be induced favor or at least not oppose resolution if it is modified; and that if Malik votes affirmatively or abstains it will greatly reduce likelihood of Soviet veto. Since if decision is taken to make changes they will have to be negotiated by USUN and UK and French delegations and used in bargaining with Malik and Zeineddine, it is essential that Zeineddine not be informed details our present thinking except in its discretion by USUN after his return New York. End FYI.

2. In reply his query (Embtel 264) you may inform Zeineddine that due Tripartite sponsorship resolution we cannot at this time say more than that US has his proposals under consideration.

3. If you see no objection please approach Shishakli earliest opportunity and emphasize that it is in best interest Syria, US and all concerned that some workable resolution be passed at early date; and stress danger that if resolution in some form is not soon passed Israelis may take unilateral action which could have gravest consequences. Inform Shishakli we hope he will instruct Zeineddine to take moderate line and to encourage Malik to vote for or at least abstain on a resolution containing at least minimum essentials.

If Shishakli brings up "Russian aid" theme along lines your tel 268 Jan 9, you may in your discretion stress our belief that Syrian encouragement of Soviet veto could have unfortunate consequences for Syria. Though Soviet veto under these circumstances may appear to uphold Syria's position this may well assure that no resolution will be passed. In this case it is almost certain Israelis will start work on project again, a development which would be highly damaging to interests of all concerned.

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[1] Repeated priority to Beirut.

[2] Telegram 264 from Damascus, Jan. 9, reported that Zeineddine had that day requested the Embassy to ascertain the U.S. reaction to proposals he presented to the Department on Jan. 4 for amendment of the draft resolution on the Israeli diversion project. (684A.85322/1-954)

4. Embassy Beirut should, if it believes useful purpose would be served, make similar approach to President Chamoun.

DULLES

No. 765

684A.85322/1-1254: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, January 12, 1954—7 p. m.

271. Embassy telegram 268, January 1 [*9*], 1954. Sense paragraph 2, Deptel 281, January 11, communicated Zeineddine today. He said he had persuaded Shishakli, after long conversation Sunday night, to approve Zeineddine's proposed changes in draft Banat Yacub resolution. Zeineddine added that GOS desired find agreed resolution and would suggest other "basis for agreement" if his current proposals unacceptable tripartite powers. He neither referred Russian aid nor reiterated earlier statement (Embassy telegram 268) that Soviet veto preferable adoption tripartite draft.

Comment: Striking contrast between Zeineddine's comments before and after seeing Shishakli suggests Syrian President exercised moderating influence on his Ambassador.

MOOSE

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[1] Repeated to Beirut, Cairo, London, Paris, Moscow, Baghdad, Amman, Jidda, Jerusalem, and New York; to be passed to the Department of Defense.

No. 766

684A.85322/1-1354: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET NIACT DAMASCUS, January 13, 1954—11 p. m.

275. Embtel 271, January 12. Substance paragraph 3 (a) Deptel 281, January 11, conveyed to Shishakli during long interview January 13. Syrian President made following points: (1) Government of Syria desires SC resolution on diversion project; (2) sole Syrian aim is to protect its rights in Jordan waters and Zeineddine suggestions drafted this aim in view; (3) professed inability understand how US Government could approve text so detrimental Syrian interests, emphasizing Government of Syria could not accept less than explicit recognition rights; (4) if justice not obtainable, Syria could as last resort rely upon Russian veto.

I stated Department aware this possibility and emphasized views paragraph 3(b) Deptel 281. Shishakli replied continued indifference tripartite powers would leave him no choice but reluctantly accept Russian help. His attention was called risks attendant cooperation with Soviets and danger Israeli resumption work if no resolution passed. Syrian President declared he recognized risks and emphasized Syria would use all its resources defend its rights in event work resumed. Added "this time Syria will not be kicked."

MOOSE

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[1] Repeated to Beirut, Cairo, London, Tel Aviv, Paris, Moscow, Baghdad, Amman, Jidda, and Jerusalem; passed to New York and to the Department of Defense.

No. 767

684A.85322/1-1454: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

SECRET PRIORITY DAMASCUS, January 14, 1954—7 p. m.

278. Embassy telegram 275, January 13. In two hour conversation January 13 Shishakli outlined GOS position re Security Council resolution (Embassy telegram 275) US economic aid and unified plan (see accompanying telegram) and source area tensions. Syrian President appeared rested showing no evidence rumored paralysis

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Jerusalem, Jidda, London, Moscow, Paris, and Tel Aviv.

or eye operation (see Embtel 265 January 9).[2] He spoke without emotion but was unyielding throughout.

Queried at outset re Syrian engineering study Banias diversion possibilities (Embtel 245, December 17),[3] Shishakli stated completed report now being examined by Syrian authorities. Despite earlier promise furnish copy promptly he said Secretary General Public Works now in Cairo and could not give Embassy text until his return "in week or so".

When informed relationship between US economic aid and GOS attitude unified plan (Deptel 259 December 18)[4] Shishakli reiterated Syrian inability participate in plan until existing UN resolutions re Palestine made effective (cf Embtel 245). Declared USG increasing area tensions by pressing for plan and persistence in this policy would more than offset any good done by economic aid.

I asked whether Shishakli desired reduce regional tensions. President said yes, but proper approach was for USG eliminate cause tension, namely US aid Israel. He denied aid and unified plan advantageous Syria, asserting Israel principal beneficiary plan, with Syria receiving virtually nothing. Furthermore "tying" aid to plan seemed to him show present administration just as subject Jewish influence as its predecessor.

Comment: Embassy believes Shishakli's attitude represents considered policy partially worked out in long conversation with Zeineddine January 10 (Embtel 271 January 12). That Syrian President ready see Ambassador Johnston again is possibly favorable factor. Shishakli's reason for delay in supplying copy Banias engineering study is not convincing.

MOOSE

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[2] Not printed, but see footnote 2, Document 762.

[3] In telegram 245 from Damascus, Dec. 17, Ambassador Moose reported on a conversation of Dec. 12 with Shishikli, in which he informed the Syrian President that the Department hoped Syria would not take a rigid position with respect to the reuse of Banias waters in Syria. Shishikli noted that the TVA plan had both political and technical aspects, declaring that an arrangement between Israel and the riparian Arab states was implicit in the proposals even if an international agency acted as an intermediary. These states, he said, could not undertake such an arrangement with Israel until existing U.N. resolutions with respect to Israel were carried out. (783.5 MSP/12-1753)

[4] Telegram 259 to Damascus, a joint State–FOA message dated Dec. 18, stated in part as follows:

"While we wish to 'relate' economic aid to unified plan to extent of at least reiterating US interest from time to time during negotiations and while we may in number cases eventually make such aid conditional upon acceptance plan, we do not intend make acceptance prerequisite for allotment fiscal 1954 funds for Latakia, Ghab and Jezirah projects which were proposed Sept. 29 before development present US position."

The telegram then stated that it was essential that the Syrian Government not be informed of this position at this time. (783.5 MSP/12-1853)

No. 768

684A.86/1-1554

Memorandum of Conversation, by the Officer in Charge of Palestine-Israel-Jordan Affairs (Waller)

CONFIDENTIAL [WASHINGTON,] January 15, 1954.

Subject: Israel-Arab Relations, including: the Egyptian blockade, the Israel-Jordan Armistice, the Banat Ya'qub project, the Arab League, and arms supplies for the Near East.

Participants: The Secretary
Ambassador Abba Eban of Israel
Minister Reuven Shiloah of Israel
NEA—Mr. Byroade
NE—Mr. Waller

Ambassador Eban reviewed Egyptian activities during the past few years to maintain and intensify the blockade against shipping to and from Israel. Egypt's denial of Suez Canal transit facilities is costing Israel annually an amount equivalent to US aid. Each time Israel has sought political action through the SC the US has said the time was inopportune. He has now been authorized to bring the matter again to the SC at a suitable time. His present thinking is to do so in February after the Banat Ya'qub resolution has been passed and the SC agenda is less crowded. He said the British Government believes conclusion of an Anglo-Egyptian agreement on Suez would help the Egyptian Government initiate peace talks with Israel. Pending such an agreement Israel wants the SC to order Egypt to abolish the restrictive regulations. Egyptian compliance with the SC resolution would strengthen the armistice machinery.

The Ambassador said Israel's most pressing concern with Jordan is for a conference as required by Article XII of the Armistice Agreement. Israel is not trying to drag Jordan into peace discussions. On the contrary, Israel wants to limit the conference to the terms of the Armistice Agreement and has asked the UNSYG to reassure the Jordanians on this score. It is basically a question of Jordan honoring its signature.

The Ambassador said he was disquieted by Syrian reaction to the compromise text of the Banat Ya'qub resolution, since the Jordan River flows some 60 miles in Israel but not one inch in Syria. Israel is not enthusiastic about the resolution but recognizes it does give Israel an opportunity to present its case to the Chief of Staff. In a recent conversation, Vyshinsky strongly denied he supports the Syrian viewpoint. His objection to paragraph 11 of the draft resolution is that it does not deal specifically with the canal project. Vishinsky looks upon the present draft resolution as a means of imposing the "Johnston Plan"—an American plot—on the area. Vishinsky did not indicate if he would veto the present text but did say that if the resolution should specifically mention the canal project he could more easily approve it.

The Ambassador reviewed recent actions and statements by members of the Arab League, such as the statement of King Saud of Saudi Arabia that Israel should be wiped out, and said everything indicates the Arab states are tired of the armistice arrangements and wish to find ways to attack Israel. They consider the Qibya debate supported their viewpoint when, in fact, the resolution was in support of the armistice machinery. The Ambassador advocated "strong words to the Arab states", initially by diplomatic means but subsequently by some public statement to make the US position clear.

The Ambassador stated that any decision regarding arms supplies for the Arabs would only intensify their intransigence. There should be no differentiation between countries contiguous and noncontiguous to Israel, since the latter countries, notably Saudi Arabia and Iraq, have been as hostile toward Israel as neighboring countries. He referred to Iraq as one of the spearheads of anti-Israel activity. His government's view is that now is not a good time to provide arms to the Arab states.

The Secretary said, in reply, that while the Ambassador had raised many questions he would be unable to respond to all of them. However, the Ambassador's understanding is correct that the US interprets each event on its merits. As examples, he said he has recently told some Arab representatives that no one has the right to waste water in an area where water is so precious. Also he has opposed giving Syria a veto power in the canal construction project since it is apparent that Syria would only use the veto power negatively. He believed US policies are clear and would be surprised if any responsible Arab misunderstood them. He was aware that the US has seldom, if ever, been more unpopular with both the Arab states and Israel. Only small quantities of arms are to be supplied the Arabs and then only after adequate safeguards not to increase the danger to Israel. He was inclined to share the Ambassador's dim view of recent developments in the Near East but did not feel so frustrated that he would give up hope for peace. He was glad to have Ambassador Eban's views.

Mr. Byroade said a request has been sent our Embassy at Jidda for the text of King Saud's reported remarks about Israel which, if true, would be deplorable. Also the US feels strongly that Jordan should accept its obligation under Article XII and have so informed the Arab governments. He understood UNSYG Hammerskjold plans to proceed to Jerusalem and convoke the conference himself.

The Secretary said that he has hoped for the past year to get Egypt to undertake peace negotiations with Israel. The best line seems to be to wait for the Anglo-Egyptian agreement to be concluded and then bring all possible pressure to bear on Egypt to make peace. Ambassador Eban said Israel would welcome an Anglo-Egyptian settlement and his government has expressed its sympathy with Egyptian national aspirations. Also, Israel would like any Anglo-Egyptian agreement to include a firm Egyptian commitment on free passage of shipping through the Suez Canal. One reason Israel might ask SC consideration of Suez Canal restrictions is that the discussions might extend to general peace talks. The Secretary referred to his understanding that some of Israel's friends were working against an Anglo-Egyptian agreement believing an agreement would give Egypt military advantage over Israel. He said there was nothing in the agreement whereby Egypt would inherit the British installations in the Canal Zone. That question might arise after seven years when. and if, British troops should all be withdrawn from the Canal Zone.

No. 769

784.00/1-1554 Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, January 15, 1954—6 p. m.

762. In conversation yesterday, Director American Section Israeli Foreign Ministry in connection with Brazilian Minister's idea of demilitarizing zone around Jerusalem (Department's Circular airgram 3150, December 11) categorically gave it as his belief Israeli Government would not consider demilitarization. Said Israel could not leave its capital in such an exposed situation.

Italian Minister Tel Aviv in discussing Brazilian plan said he is certain no fundamental change in Vatican insistence on *corpus separatum* but expressed belief Holy See would be willing give consideration any suggestions of temporary nature likely to reduce danger destruction holy places.

RUSSELL

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[1] Sent by pouch to Amman, Jerusalem, and Rome.

No. 770

Revised Joint Draft Resolution Submitted to the Security Council by France, the United Kingdom, and the United States, January 20, 1954 [1]

The Security Council,

1. *Recalling* its previous resolutions on the Palestine question;

2. *Taking into consideration* the statements of the representatives of Syria and Israel and the reports of the Chief of Staff of the Truce Supervision Organization on the Syrian complaint (S/3108/Rev. 1);

3. *Notes* that the Chief of Staff requested the Government of Israel on 23 September 1953 "to ensure that the authority which started work in the demilitarized zone on 2 September 1953 is instructed to cease working in the zone so long as an agreement is not arranged";

4. *Endorses* this action of the Chief of Staff;

5. *Recalls* its resolution of 27 October 1953, taking note of the statement by the representative of the Government of Israel that the work started by Israel in the demilitarized zone would be suspended pending urgent examination of the question by the Council;

6. *Declares* that, in order to promote the return of permanent peace in Palestine, it is essential that the General Armistice Agreement of 20 July 1949 between Syria and Israel be strictly and faithfully observed by the parties;

7. *Reminds* the parties that, under article VII, paragraph 8, of the Armistice Agreement, where the interpretation of the meaning of a particular provision of the Agreement other than the preamble and articles I and II is at issue, the Mixed Armistice Commission's interpretation shall prevail;

8. *Notes* that article V of the General Armistice Agreement between Syria and Israel gives to the Chief of Staff, as Chairman of the Syrian-Israeli Mixed Armistice Commission, responsibility for the general supervision of the demilitarized zone;

9. *Calls upon* the parties to comply with all his decisions and requests in the exercise of his authority under the Armistice Agreement;

10. *Requests and authorizes* the Chief of Staff to explore possibilities of reconciling the Israeli and Syrian interests involved in the

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[1] U.N. doc. S/3151/Rev. 2; voted on by the Security Council at its 656th meeting on Jan. 22. There were 7 votes in favor, 2 against (the Soviet Union and Lebanon) and 2 abstentions (China and Brazil). The resolution was not adopted because of the negative vote of the Soviet Union, one of the permanent members of the Council. (U.N. doc. S/PV.656)

dispute over the diversion of Jordan waters at Banat Ya'coub, including full satisfaction of existing irrigation rights at all seasons, while safeguarding the rights of individuals in the demilitarized zone, and to take such steps in accordance with the Armistice Agreement as he may deem appropriate to effect a reconciliation;

11. *Calls upon* the Governments of Israel and Syria to co-operate with the Chief of Staff to this end and to refrain from any unilateral action which would prejudice it;

12. *Requests* the Secretary-General to place at the disposal of the Chief of Staff a sufficient number of experts, in particular hydraulic engineers, to supply him on the technical level with the necessary data for a complete appreciation of the project in question and of its effect upon the demilitarized zone;

13. *Affirms* that nothing in this resolution shall be deemed to supersede the Armistice Agreement or to change the legal status of the demilitarized zone thereunder;

14. *Directs* the Chief of Staff to report to the Security Council within ninety days on the measures taken to give effect to this resolution.

No. 771

974.7301/1–2854

Memorandum of Conversation, by the Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs (Burdett)

CONFIDENTIAL [WASHINGTON,] January 28, 1954.

Subject: Israel Complaint to the Security Council over Egyptian Restrictions on Movements of Ships Through the Suez Canal.[1]

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[1] In a letter of Jan. 28 to the Security Council, the Israeli Representative requested that the Council urgently consider Israel's complaint against Egypt concerning (a) Egyptian enforcement of restrictions on the passage of ships trading with Israel through the Suez Canal, and (b) Egyptian interference with shipping procedures to the Israeli port of Elath on the Gulf of Aqaba. (U.N. doc. S/3168) In an explanatory memorandum of Jan. 29, Eban reviewed the subject of shipping through the Suez Canal since the Security Council had last considered the subject in 1951, and stated that Egypt's practices toward shipments destined for Israel had continued despite the Council's injunction, and that the list of contraband had recently been extended by Egypt to include food and other commodities. The Egyptian Government, the memorandum stated, had thereby defied the Security Council, the United Nations Charter, and the Egypt-Israel General Armistice Agreement. (U.N. doc. S/3168/Add.1)

In a letter of Feb. 3, Egypt requested the Security Council urgently to consider its complaint against Israel concerning violations in the Demilitarized Zone of the General Armistice Agreement between Egypt and Israel. The letter stated that these violations included the entry of Israeli armed forces into the Demilitarized Zone, at-

Continued

Participants: Mr. Anwar Niazi, First Secretary of the Egyptian
Embassy
NE—Mr. Hart
NE—Mr. Burdett

At the request of the Egyptian representative to the United Nations, Mr. Niazi called to ascertain the United States position on Israel's reported intention of raising in the Security Council the question of Egyptian interference with shipping through the Suez Canal. Mr. Hart explained the United States position as follows:

1. The United States has repeatedly urged Israel to postpone introducing this question in the Security Council.
2. In July 1953, the Embassy in Cairo inquired whether the Egyptian Government had extended the blockade of Israel to include food and other items. Such an extension was denied by the Foreign Office. In September 1953, Ambassador Caffery suggested that Egypt might wish to release the ship, *Parnons*, seized in transit to Israel. He stated that this would indicate an intention to relax the blockade and might prevent introduction of the question in the Security Council. The Ambassador indicated the United States would be forced to oppose Egypt in the Council. The *Parnon* was subsequently released.
3. Egypt might wish to consider carefully the effects upon its international position of failure to comply with the Security Council resolution of September 1, 1951. By yielding to pressure from the Arab League to tighten the economic blockade, Egypt is damaging its own standing in this country.
4. Egyptian actions place its friends in a difficult position. The United States does not see how it will be able to avoid taking a stand against Egypt in Security Council discussions of the subject. This is required by its firm policy of supporting the United Nations.
5. The best way out of the present situation would be for Egypt to take some concrete step evidencing an intention to abandon interference with traffic through the Suez Canal. This might prevent Security Council action against Egypt.

The gist of Mr. Niazi's lengthy remarks was a plea for further United States action vis-à-vis Israel to secure a further delay in introducing the matter in the Security Council. He pointed out the great disadvantages of raising the matter at this particular time. In reply, Mr. Hart emphasized the previous efforts of the United States and asserted that he had no hope that Israel could be pre-

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tacks on Bedouins inhabiting the area, and the establishment of Israeli settlements in the Demilitarized Zone. These acts, the letter stated, were in violation of the General Armistice Agreement and were in defiance of the Security Council Resolution of Nov. 17, 1950. (U.N. doc. S/3171)

The Security Council on Feb. 4, 1954 included in its agenda the Israeli complaint of Jan. 28 and the Egyptian complaint of Feb. 3; these items were discussed at Security Council meetings 657 to 664, from Feb. 4 to Mar. 29. (U.N. docs. S/PV.657-664) vailed upon not to take this step. He again suggested that Egypt take some action relaxing the blockade. Mr. Niazi felt that there was little chance of his government making such a move.

No. 772

611.84A/2-2554: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

SECRET PRIORITY AMMAN, February 25, 1954—4 p. m.

344. King Hussein today at audience his request inquired re reports considerable new sum money being given Israel by US. I was unable furnish information other than this is budget hearing time in US. He mentioned figure $80 million (Foreign Minister had earlier mentioned 39 million).

At conclusion audience King made a calm but firm statement of sincere preoccupation over events and possibilities among Arabs. He highlighted tensions with references to events Egypt and reported coup Syria today. Briefly said activity Vishinsky, Russian help to Arabs on three occasions this year and repeated reports American financial aid to Israel were raising questions in peoples' minds and making difficult the exclusion of communism.

He made no request nor suggested any threat but exhibited concern over reaction to US activities.

Request facts on funds which I may promptly convey. [2]

MALLORY

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[1] Repeated to Beirut, Damascus, Tel Aviv, London, Baghdad, and Cairo.

[2] The Department responded on Feb. 26 in telegram 350 to Amman (priority) by noting that grant-economic aid totaling $39,375,000 had been allocated to Israel for the first three quarters of fiscal year 1954. (For the Embassy's information, the Department noted that present plans called for a fourth quarter allocation of $13,125,000.) Grant economic aid to Israel for fiscal year 1953 totalled $70,228,000. The trend of economic aid to Israel was expected to continue downward in future years. (611.84A/2-2554)

No. 773

974.5301/2-2554: Telegram

The Secretary of State to the Embassy in Egypt [1]

CONFIDENTIAL WASHINGTON, February 25, 1954—4:28 p. m.

987. Largely in response our suggestion New Zealand has drafted and is presently preparing table in Security Council resolution on Suez transit. First draft quoted below for your information only. We hope secure agreement with UK, France and New Zealand on alternate language for paras 3 and 4 before resolution introduced.

Our objective is make resolution more moderate and avoid implication Security Council must take additional action if Egypt fails comply.

Verbatim text.

The Security Council

1. *Having considered* the complaint of Israel against Egypt concerning:

(A) Enforcement by Egypt of restrictions on the passage of ships trading with Israel through the Suez Canal;

(B) Interference by Egypt with shipping proceeding to the Israeli port of Elath on the Gulf of Aqaba; (S/3168)

2. *Recalling* its resolution of 1 September 1951 (S/2298/Rev.1) in which it called upon Egypt to terminate the restrictions on the passage of international commercial shipping and goods through the Suez Canal wherever bound, and to cease all interference with such shipping beyond that essential to the safety of shipping in the Canal itself and to the observance of the international conventions in force;

3. *Expresses* its grave concern that Egypt has not complied with the resolution of 1 September 1951;

4. *Calls upon* Egypt promptly and fully so to comply;

5. *Considers* that the question raised by Israel in paragraph (B) of its complaint should properly be dealt with in the first instance by the MAC established under the GAA between Egypt and Israel. *End verbatim text.* [2]

DULLES

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[1] Sent also to Tel Aviv and to New York by pouch.

[2] The New Zealand draft resolution as submitted to the Security Council on March 23 reads as follows:

"*The Security Council,*

"1. *Having considered* the complaint of Israel against Egypt concerning:

"(a) Enforcement by Egypt of restrictions on the passage of ships trading with Israel through the Suez Canal;

"(b) Interference by Egypt with shipping proceeding to the Israel port of Elath on the Gulf of Aqaba (S/3168);

Continued

No. 774

684A.86/3-1754 Telegram

The Secretary of State to the Embassy in Israel[1]

CONFIDENTIAL WASHINGTON, March 17, 1954—7:40 p. m.

654. Syrian Embassy yesterday and Lebanese Embassy today have told Department their governments have information indicating Israeli military build-up near frontiers. They have further cited asserted increase in frontier incidents as evidence tending to show possible Israeli aggression intentions. State tension is increasing.

On other side, Israeli Embassy today asserted recent incidents on Egyptian, Jordanian and Syrian frontiers indicate possible Arab aggressive spirit. As supporting evidence Embassy stated Arab representatives on MACs have recently adopted unusually stiff attitude.

Department has replied informally that it has no evidence to support fears that either side plans aggressive action and specifically that it is unaware any Israeli military build-up.

Request your views as to whether there is any foundation for mutually expressed fears.

DULLES

"2. *Noting* the statements made before the Council by the representatives of Egypt and Israel,

"3. *Recalling* its resolution of 1 September 1951 (S/2298/Rev.1);

"4. *Notes* with grave concern that Egypt has not complied with that resolution;

"5. *Calls upon* Egypt, in accordance with its obligations under the Charter, to comply therewith;

"6. *Considers* that, without prejudice to the provisions of the resolution of 1 September 1951, the complaint referred to in paragraph 1(b) above should in the first instance be dealt with by the Mixed Armistice Commission established under the General Armistice Agreement between Egypt and Israel." (U.N. doc. S/3188 and Corp.1)

The New Zealand draft resolution was put to the vote on Mar. 29, and received 8 votes in favor (including the United States) and 2 against (Lebanon and the Soviet Union), with 1 abstention (China). Because one of the votes was that of a permanent member, the Soviet Union, the draft resolution was not adopted.

[1] Sent also to Beirut as telegram 1045, Damascus as 380, Amman as 364, and Cairo as 1104; sent by pouch to Baghdad and Jidda.

No. 775

684A.85/3-1854: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

CONFIDENTIAL PRIORITY AMMAN, March 18, 1954—4 p. m.

361. Re Deptel 365,[2] see Embtel 360.[3] Today Foreign Minister spoke to me re statements by Israeli Minister Defense Lavon and Chief of Staff Dayan on March 16 and questioned Israeli intentions. I believe Jordan clearly recognizes Israel has superior military forces. This renders any aggression by Jordan forces extremely unlikely. In event another Qibya incident retaliatory action might be forced upon Jordan by local political situation resulting from aroused public opinion. At present time, above, coupled with moderating influence of Glubb as C in C leads conclusion Israeli fears and claims groundless. Jordan particularly apprehensive Israeli action at this time because fear unstable political situation Arab world will be considered suitable moment by Israel for long contemplated aggression, presenting Israel opportunity place blame on Arabs as irresponsible. Moreover Jordan has little confidence effective Arab support.

There is no local evidence of Israel military build-up on Jordan border but local authoritative opinion is concerned over increasing border tension and increasing Israeli claims of alleged border violations. Latest Israeli claim re bus ambush adds to preoccupations.

MALLORY

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[1] Repeated to Tel Aviv, London, Beirut, Damascus, Jerusalem, Cairo, Baghdad, Jidda, Rome, and Paris.

[2] Telegram 365 to Amman, subsequently changed to 364, is the same as telegram 654 to Tel Aviv, *supra*.

[3] Telegram 360 from Amman, Mar. 18, 1 p. m., referred to the murder of Israeli bus passengers in an attack at Scorpion Pass, near Beersheba, and reported in part that the Jordanian Government was expecting a raid by Israel in retaliation. (684A.85/3-1854)

No. 776

684A.86/3-1854: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, March 18, 1954—7 p. m.

950. For Defense and USCINCEUR. Reference Deptel 654. [2] Embassy knows of no indications of aggressive intent such as call up of reserves or large-scale troop movements (Embtel 943). [3] Rotation of infantry battalions in Jerusalem corridor and Beitnabale area past week does not appear to have special significance.

On other hand, ambush of Israel bus in eastern Negev (Embtel 946) [3] brings series of recent Arab-Israel inflammatory incidents to acute point with responsibility divided and cause and effect difficult assess.

On one side have been: Arab infiltration and marauding and occasional murders; occasional firing and throwing of missiles by Arabs from wall of old city Jerusalem; Syrian firing upon Israel boats in Lake Tiberias; recent movement of Syrian and Lebanese troops toward border (Damascus 398); [3] and ambush of Negev bus (likely to be especially bitter to IDF Chief of Staff Dayan since number of passengers were returning from leave where Dayan two days before had made speech saying "regime which builds policy on economic stranglehold of Israel, claims to be at war with her and sets itself goal of severing Negev from Israel is in for a downfall"). This is against background of prospective relinquishment of Suez case to Egypt and US program of providing arms to Arab States as part of area security program, both of which have raised fear on part of Israelis of overconfidence by Arabs with mounting pressures and attacks upon Israel.

On other hand, have been: Israel's activities in various demilitarized zones, unnecessarily harsh ambushing of Arabs crossing borders with non-aggressive intent; indications of Israel aggressive intent in press commentary time of Egyptian and Syrian political crises; use of landbased artillery for first time in firing upon Syrian villages on eastern shore of Lake Tiberias; reported killing of Jordanian shepherds at Yruod (Amman telegram 359).[3]

Present situation contains makings of renewed outbreak of armed warfare between Israel and Arab States and is developing against background of Jordanian unwillingness (supported by Arab League) meet with Israel under Article XII Armistice Agreement despite request by UNSYG.

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, Jerusalem, Paris, London, and Rome.

[2] Document 774.

[3] Not printed.

I was informed by diplomatic colleague last evening that there was vigorous debate in Cabinet at time of Egyptian-Syrian crises (see final paragraph Embtel 943) although following it only two Ministers voted for Lavon position of exploiting crises.

Embassy suggests consideration of some such steps as following:

(1) Tripartite powers call on both Israel and Arab countries refrain from any military activities which would increase tension and take all possible measures prevent further violations of border; and (2) tripartite powers publicly urge Jordan comply with SYG's request attend Article XII or similar meeting as step toward dealing with situation which increasingly threatens security of all.

RUSSELL

No. 777

684A.86/3-1954 Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

CONFIDENTIAL PRIORITY BEIRUT, March 19, 1954—5 p. m.

771. Foreign Minister Naccache and Director General Ammoun told me today they deeply disturbed over incidents on Syria and Jordan frontiers past few days. They understand certain Israeli officials are urging immediate action, and they fear Israel will resort to speedy retaliatory raids into Arab territory, scoring several *fait accompli* before big powers or UN exercise restraint. Accordingly, they ask us, as they have already asked the British, to urge self-control on Government of Israel.

As far as Israeli-Lebanese frontier is concerned, situation remains relatively quiet (Deptel 1045, March 17) [2] Lebanese military and Foreign Office sources understand Israelis are engaging in "routine maneuvers" near border and Lebanese have stationed additional detachments of observers to keep eye on situation (see Embdes 576, March 16). [3] In addition, one small company been assigned as protection to coast road north of Ras Nakoura.

As Department aware, there no disposition nor ability here to pick fight with Israelis. On contrary, both on Arab boycott and Ras Nakoura traffic, there have been definite signs within past fort-night that Lebanese basically would like to soften existing conditions. GOL has even sought to keep out of press inflammatory remarks attributed to Israeli officials such as Dayan's alleged Reserve Officers Day statement that war with Arabs is "inevitable" which carried in AFP story with Defense Minister's comments against Iraqi alignment with Turks and Pakistanis.

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[1] Repeated to Tel Aviv, Damascus, Amman, Cairo, Baghdad, and Jidda.

[2] Printed as telegram 654 to Tel Aviv, Document 774.

[3] Not printed.

HARE

No. 778

611.84A/3-1954: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, March 19, 1954—5 p. m.

954. Re Embtel 951. [2] Bendor, head US division Foreign Ministry, last evening at dinner Tel Aviv, made following comments which he said could be regarded in nature of official statement: Israel public shocked and bitter at Negev bus ambush. Too early to tell what direction reaction will take. Israeli Government and public fundamentally divided between policy of forcefully demonstrating Israel strength and determination at this time and policy of restraint enunciated by Sharett in speech three days ago (Embtel 944).[2] Reaction of world opinion, UN, Western powers and particularly US to latest outrage and international measures flowing therefrom could be determining factor. (Unofficially Bendor said Sharett's position with public and even within own party also likely to be determined thereby.)

Bendor said great importance therefore will attach to whether US expresses its strong abhorrence of bus ambush episode and is active in securing Security Council resolution of severe condemnation.

I expressed to Bendor my concern over mounting tension and increasing tempo and seriousness of recent episodes. I said it might be necessary to choose between statements and resolutions of abhorrence and condemnation on one hand or on other hand utilizing Jordan's possible need rectify impairment moral position by urging Jordan agree to meeting on border problem with Israel under Article 12 or possibly (to enable Jordan to save face in light of recent rejection of meeting) under some other terms of reference. Bendor

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[1] Repeated to Amman.
[2] Not printed.

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indicated some interest in this but suggested that even in pursuance of latter course there should be some indication of censure.

There is no doubt that bus massacre has greatly shocked Israel public and that they regard it as much more than another incident.

Bus ambush will undoubtedly be exploited by Lavon-Dayan element (undoubtedly in close touch with Ben Gurion) to create support for present show of strength by Israel. It is not clear what form this would take although it might include greater use of reprisals, increased Israel activity in demilitarized zones as Banat Yaacov and El Auja, more drastic treatment of infiltrators, firmer retaliation to firing from Syrian positions on Lake Tiberias and by Arabs from old city Jerusalem walls, and exploitation of instability in Arab countries as indicated in press comment at time of Syrian and Egyptian political crises.

Embassy believes desire of Sharett group for proof that his policy of moderation is correct might be met by action of kind indicated last paragraph Embtel 950,[3] provided *démarche* to Jordon proves successful in bringing about negotiations at early date.

It can be anticipated that over longer period similar argument may be advanced by Sharett group to obtain western powers support for Israel's position on such questions as Egyptian blockade, Arab economic boycott, status of Jerusalem as Israel capital and arms aid to Arabs. Embassy does not believe UN or western powers should capitulate to Israel position on all these issues as price for maintaining Sharett position in government but does believe action of kind suggested last paragraph Embtel 950, might serve present purpose strengthening Sharett element which we regard as desirable.

RUSSELL

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[3] Document 776.

No. 779

684A.86/3-1954: Telegram

The Secretary of State to the Embassy in Israel[1]

CONFIDENTIAL WASHINGTON, March 19, 1954—7:12 p. m.

659. Ref Tel Aviv 934[2] and 950,[3] Damascus 403,[4] Amman 361[5] and other recent telegrams from these posts reporting local uneasiness and allegations of hostile intentions by Israel against certain Arab states and vice versa.

For discretionary use, Dept has no information indicating Israel in foreseeable future intends pursue expansionist policy or that Arabs intend open "second round". On contrary, Israel reinforcement Syrian and Egyptian frontiers considered normal precautionary measures under circumstances then existing. Dept understands Israel reserves called up Feb 27 have been released (Tel Aviv 934), UN source reports no evidence Israel concentration of forces (Jerusalem 129)[6] and Amman reftel reports no evidence of Israel military buildup in Jordan. This situation might be changed in light Syrian military movements (Damascus SA-524)[6] for which apparently only slight justification.

Further Dept has no information deliberate provocation by Syrians or Israelis Lake Tiberias and vicinity or that Jordanians were responsible for bus incident or that Israelis staged it. MAC charged with responsibility investigating incidents and charges and counter-charges serve no beneficial purpose unless made in MAC itself.

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[1] Sent also to Damascus, Amman, Beirut, Cairo, London, Paris, and Jerusalem.

[2] Telegram 934 from Tel Aviv, Mar. 15, reported on the call-up of Israeli reserve forces on Feb. 27 to reinforce the border with Syria, and on the unofficially reported call-up of reserves in the central and southern command areas to reinforce the Egyptian border. In the Embassy's view, this activity was for the purpose of strengthening defensive preparations in the light of internal strife in Syria and Egypt, particularly in the light of closer relations between Syria and Iraq, "and to be in position of general readiness in event Syrian and Egyptian episodes should develop into situation of increasing instability among Arabs." The Embassy reported that the larger part of the reserves called up now been released. (683.84A/3-1554)

[3] Document 776.

[4] Telegram 403 from Damascus, Mar. 18, commented on telegram 934 from Tel Aviv. The Embassy reported in part that the Government of Syria had sent no reinforcements to the Syro-Israeli frontier until after the recent Lake Tiberias incidents and reported Israeli build-up. This sequence of events, plus the paralysis of the Syrian Government beginning Feb. 25, constituted *prima facie* evidence, the Embassy believed, that the Syrian reaction on Mar. 15, unlike the Israeli move on Feb. 27, was defensive in character. The Embassy saw no evidence that Syria, either alone or in federation with Iraq, would wish to upset the 1949 Armistice Agreement. (683.84A/3-1554)

[5] Document 775.

[6] Not printed.

Missions should urge restraint by all concerned and avoidance provocative acts and utterances. Situation could easily drift into widespread hostilities.

DULLES

No. 780

684A.85/3-2354

Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern Affairs (Dorsey)

SECRET [WASHINGTON,] March 23, 1954.

Subject: Jordan's Fear of Israeli Retaliatory Action

Participants: Mr. Abdul Monem Rifa'i, Ambassador of Jordan
NEA—Mr. Byroade
NE—Mr. Dorsey

Ambassador Rifa'i called at 6:30 P. M. today to see Mr. Byroade on urgent business. He said he had received a telegram from his Government that Israeli Delegation had walked out of the Mixed Armistice Commission when it had failed to reach a decision to condemn Jordan for the Attack on the Israeli bus at Scorpion Pass. He translated his telegram, which stated that the Israeli Delegates were violent in their expressions and described the situation as extremely serious. Ambassador Rifa'i said that the past pattern of events indicated that such an outcome of affairs was usually followed by serious retaliatory measures. His Government had therefore requested him to approach the Department to indicate to the Israeli Ambassador its serious concern and its hope that Israel would act with the utmost restraint and caution.

Mr. Byroade said that he had already taken such action in conversation with Minister Shiloah within the past hour. He added that we would watch the situation with greatest care and reiterated the hope expressed by the Secretary in the morning that the Jordanians should also be patient and calm in the present period of tension, doing everything possible to prevent any incident developing into anything serious.

Mr. Rifa'i said the Jordanian Government felt in no way responsible for the massacre. It had taken every possible measure to reduce border tensions and would continue to do so as it would to insure all possible restraint on the part of the people. He expressed deep appreciation for the action taken by Mr. Byroade.

No. 781

680.84A/3-2454

Memorandum of Conversation, by the Officer in Charge of Lebanon-Syria Affairs (Allen)

CONFIDENTIAL [WASHINGTON,] March 24, 1954.

Subject. Israeli-Arab Tension and U.S. "Support" of Israel

Participants: Seven Arab Chiefs of Mission:
Ambassador Malik—Lebanon
Ambassador Shabandar—Iraq
Ambassador Al-Faqih—Saudi Arabia
Chargé d'Affaires Zabarah—Yemen
Ambassador Zeineddine—Syria
Ambassador Rifai—Jordan
Chargé d'Affaires Labban—Egypt
The Secretary
NEA—Mr. Byroade
NE—Mr. Allen

Ambassador Malik acted as spokesman for the Arab group. He said all were calling on instructions of their governments to call to the attention of the Secretary the mounting tension in the Near East "caused by Israel"; to express their belief that underlying Israel's "aggressive actions" over the past few months was the intention to provoke one or another of the Arab countries to react in such a way as to give Israel an excuse for a large-scale military attack; and to inform the U.S. Government that in the event of an Israeli attack on any Arab country, all would instantaneously give full military support to the attacked country, as they were bound to do under the Arab Collective Security Pact.

Ambassador Malik listed as examples of Israel's aggressiveness the Qibya incident; the al-Auja incident (on the Israel-Egyptian border last fall); Israel's attempt to divert the Jordan at Banat Ya'qub; Israel's attempt to "force" Jordan to attend a "peace conference" with Israel (under Article 12 of the Armistice Agreement); the constant pressure exerted by Israel to prevent economic and military aid going to the Arab countries; recent Israeli troop movements; recent belligerent speeches of the Israel Minister of Defense and Chief of Staff; and the violent Israel reaction to the regrettable "bus" incident in the Negev. He stated that these Israeli actions have created a most dangerous atmosphere of tension.

Ambassador Malik said that the Arab representatives were approaching the United States for two reasons: because of the interest they know the United States, as a member of the UN, has in maintaining peace and security in the Near East; and because of the special position of Israel in relation to the United States. Without the U.S. there would be no Israel. The U.S., which has for years given large-scale aid and support to Israel is indirectly responsible for putting Israel in a "moral and material" position to follow aggressive policies against the Arabs. U.S. support and aid, both governmental and private, has the effect of enabling Israel to flout the decisions of the UN; and to strengthen its position in the border area which the UN did not assign to Israel. U.S. aid, despite the known intention of the present Administration to be impartial, encourages Israel aggressiveness against the Arabs.

The Secretary replied that our view of Israel's actions and estimate of Israel's intention is not as alarming as that presented by Ambassador Malik. He said there have been disturbing incidents of course, but as we see it they do not add up to as ominous a picture as Ambassador Malik portrayed. Our estimate is that responsible Israelis, including the Government, want peace and security and normal relations with the Arabs. Although we do give economic support to Israel, we do not feel we can use our aid as a lever to force the recipients to do everything we want. In the case of Israel as in that of other countries, we do not assume that we can dictate policy merely because there is a degree of economic dependence on us.

Referring to the disparity in economic aid as between Israelis and Arabs, the Secretary explained that this is in no sense due to partiality on our part. Mr. Byroade emphasized that this was the first year we had embarked on an economic aid program for the Arab countries, and a slow start in the first year was inevitable, as had also been the case in Greece and Turkey, for example.

Referring to the present tension in the Near East and the Arabs' fear that Israel might take aggressive action, the Secretary stressed his hope that both parties would be patient and calm in the present period of tension and that neither would allow any incident to develop into something serious.

Mr. Byroade emphasized that according to our information the Israelis appeared to be just as worried as the Arabs. They are nervous about what they regard as the provocative attacks of the Arabs, and are very worried about the U.S. program of making arms available to certain Arab states. The Secretary stated that if Israel did, as the Arabs fear, attack one of the Arab states, the Tripartite Declaration of May 1950 would come into play and the

United States, along with the U.K. and France, would take appropriate action.[1]

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[1] This conversation was summarized in telegram 374 to Amman, Mar. 24, repeated to Beirut, Damascus, Baghdad, Cairo, Jidda, Tel Aviv, and New York. The Department authorized the Missions to the Arab states to take the same line, at their discretion, with the governments to which they were accredited. (684A.86/3-2454)

No. 782

680.84A/3-2554

Memorandum of Conversation, by Robert L. Burns of the Office of Near Eastern Affairs

LIMITED OFFICIAL USE [WASHINGTON,] March 25, 1954.

Subject: Israel Requests U.S. Action to Reduce Israel-Arab Tension

Participants: Ambassador Eban of Israel
Mr. Shiloah, Minister of Israel
Secretary Dulles
NEA—Mr. Byroade
NE—Mr. Burns

The Secretary expressed his personal regret over the Negev bus attack which the Ambassador acknowledged with appreciation.

The Ambassador said his government feels the present state of Israel-Arab relations warrants the attention of the Western powers. He referred to his January 15 call on the Secretary when he had described indications that the Arabs were not interested in maintaining the armistice. The symptoms have since been intensified: the Egyptian UN delegate's statement that regardless of SC action Egypt will continue the blockade; the 3rd Jordan refusal to attend an Article 12 meeting; Syria's "dead hand" on the Banat Ya'qub project; Iraq's detention of three Israelis.

Against this background is the Scorpion Pass incident and Israel's belief that Jordanians committed the crime. The Jordan Government is guilty since the attack originated from its territory. Israel had expected the MAC to say *something* about the incident; the prolonged MAC discussions had merely increased tension. The MAC can exist and function without Israel attendance; Israel does not wish to attend as things stand now. Since neither the MAC nor the SC has anything to say and the UNSYG has said he can pursue Article 12 no further, the SC should review the armistice and its state of disrepair at the request of the three Western powers. The Israel Government therefore formally requests that the U.S. join in bringing the matter before the SC. The discussions should not dwell upon the past but the future; reaffirm that Article 12 is part of the General Armistice Agreement; seek better measures to prevent infiltration; see if the armistice machinery is not too legalistic. In addition, in view of the critical state of affairs, Israel formally requests that the U.S. abstain from arming the Arab states; such action would be explosive and have a maddening effect on Israel opinion.

The Ambassador said Israel had never been sure how to fit the Tripartite Declaration into its security picture. In contrast to most countries Israel has no alliances, only recourse to the SC. What does the Declaration mean? Israel does not think U.S. troops will come in the event of an attack. Forceful changes of borders are forbidden, but what about blockades, boycotts, etc.? The three powers should express opposition to such hostility.

Regarding the bus tragedy the Secretary said while he was quite able to understand the Israel people's assumption that Jordan was responsible, he was unable to understand the Israel Government's readiness to hold Jordan at fault in the absence of a formal finding of guilt. There was no justification for criticism against the MAC Chairman. He hoped Israel would not withdraw from the MAC; the machinery has value which would be diminished by Israel's non-participation.

The Secretary referred to the recent call of the Arab Ambassadors, who had alleged Israel preparations for expansion and asked for U.S. restraining influence. He had tried to persuade the representatives that their fears were unjustified.

The Secretary said he was perplexed over what to do about the tense situation; events could snowball; the armistice could collapse. He felt the situation was worse now than a year ago. He did not know whether the measures the Israel Government suggested would help. He was certain Israel's withdrawal from the MAC would not. He understood Jordan's refusal to attend meetings under Article 12 was based on a suspicion of Israel's motives. The Ambassador said his government had specified no conditions. Mr. Byroade said we feel the UNSYG will still try for a meeting if it can be disassociated from the bus incident. The Ambassador and Mr. Shiloah stated their understanding that the UNSYG had given up his mission.

The Secretary said the first step in regard to Israel's request for three power action would be a discussion between the powers and not SC consideration. In the absence of an evidentiary report from the MAC he could not see how the Council could deal with this matter except in a very general way. It could deplore the incident and call on all concerned to try and apprehend the culprits. He did not see how the SC could take action against individuals or states without further evidence in the matter.

Mr. Byroade said public statements and the bus incident have increased fears but we do not have information indicating a general deterioration in the area. The Ambassador then listed infiltration, murders and robberies in Israel since last October. Mr. Byroade said our records indicate the only increased activity is in Israel patrol forays and the loss of Jordanian lives.

The Secretary said we would give the entire question our serious consideration but could not contemplate SC action until we had talked with the U.K. and France.[1]

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[1] This conversation was summarized in circular telegram 331, Mar. 25, 9:41 p. m., the last paragraph of which noted that "Secretary made no comment re (1) formal Israel request US refrain from providing military assistance Iraq in present 'critical state affairs' or (2) Israel suggestion signatories Tripartite Declaration express opposition hostile acts such as boycott, blockade, etc. to supplement Declaration's references to forceful border changes." (684A.86/3-2654)

No. 783

784A.5 MSP/3-2554: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State[1]

CONFIDENTIAL JIDDA, March 25, 1954—2 p. m.

411. Regarding Amman Embtel 365, March 22 to Department repeated information Jidda 20.[2] During call on head Saudi Foreign Office month ago on other matters, he said I should know "our friends in Riyadh" are disturbed at reports from Washington of large grant economic aid to Israel, apparently $60 million this year and probably $80 million next year. I gathered King himself had said this was inconsistent with declared new US policy of impartiality between Arabs and Jews. Despatch follows.[3]

WADSWORTH

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[1] Repeated to Amman.

[2] Telegram 365 from Amman, Mar. 22 (repeated for information to the Arab capitals and Tel Aviv) reads as follows:

"Foreign Office today stated understanding US proposes increase economic aid to Israel next fiscal year and points out such action cannot be calculated to increase understanding or friendship for US. I believe this local action part general Arab approach." (784A.5 MSP/3-2254)

[3] Not printed.

No. 784

684A.85/3-3154

Memorandum of Conversation, by Robert L. Burns of the Office of Near Eastern Affairs

LIMITED OFFICIAL USE [WASHINGTON,] March 31, 1954.

Subject: Israel–Jordan Armistice Situation

Participants: Ambassador Rifa'i of Jordan
NEA—Mr. Byroade
NE—Mr. Burns

The Ambassador said he had intended to call on the Secretary but after further consideration and discussions with his Arab colleagues had decided to call on Mr. Byroade, perhaps seeing the Secretary at a later date.

The Ambassador referred to the recent call of the Arab Ambassadors on the Secretary and said the fears then expressed over possible aggression by Israel were borne out at Nahhalin. [1] The Jordan Government considers the situation even more dangerous than heretofore, with tension at a peak. The Arab Legion could have but did not reciprocate the attack. However, Jordan expects the United States, as a signatory of the Tripartite Declaration, to do something about the matter. Jordan feels the United States responsible for the situation which has developed or at least for any future developments which may occur if some action is not taken. Jordan and its Arab friends are considering bringing the Nahhalin attack before the Security Council. Maybe other powers will bring the general armistice situation to the Council. Mr. Byroade said regardless of how discussion originated in the Council, it would be impossible to limit debate to one of the several aspects of the situation.

In response to Mr. Byroade's query whether the Ambasador thought Council discussion might relieve the dangerous tension, the Ambassador said in the event of SC consideration the Arabs would ask for Qibya-like sanctions against Israel for Nahhalin; Israel has withdrawn from the MAC and allowed its forces to commit further aggression. Mr. Byroade reiterated there was no way to isolate Nahhalin from several other questions: Article XII; the bus attack; individual infiltration; etc. We have been talking with the UK about the problem. Some act of diplomacy is needed to ease the situation.

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[1] On Mar. 30, the Jordanian Foreign Minister charged in a cable to the U.N. Secretary-General that Israeli armed forces had on Mar. 28 attacked the village of Nahalin, killing 9 persons and wounding 14 civilians. (U.N. doc. S/3192) On Apr. 1, the Representatives of Lebanon requested on behalf of Jordan the inclusion of the item on the Security Council's agenda for urgent consideration. (S/3195) On Apr. 5, Israel asked for urgent consideration of four complaints that Jordan had repudiated its obligations under the Israel–Jordan Armistice Agreement, particularly by staging an attack on a bus at Scorpion Pass on Mar. 17. (S/3196 and Add.1; S/3200) The subject was discussed at Security Council meetings 665 to 671, from Apr. 8 to May 12. (S/PV.665-671) On June 19, the Chief of Staff of the Truce Supervision Organization submitted to the Secretary-General two reports concerning the Nahalin and Scorpion Pass incidents. (S/3251 and S/3252)

Mr. Byroade did not share the Ambassador's view that an effort by the U.S. or SC to "cool down" Israel would bring quiet to the area; lots of problems would be left unattended, especially the primary problem of the Near East today: public opinion. Prime Minister Sharett is trying to play a moderating role, and an attempt to limit SC discussion to Nahhalin and avoid Article XII, etc. would further excite the Israel people. One reason the Israel public is so excited is because of the U.S.; the Israelis think we have turned against them. Some background on this: the U.S. looks at its own security with an East-West point of view; it sees the lack of strength in the Middle East, contends that something must be done to stabilize the area and begins to take some action toward this end; this process started about three years ago, and it is a recognition of this evolution of American policy which has caused tension in Israel. There are people there who think we will do anything to gain Arab friendship. We hope that in a few years we will arrive at a situation wherein neither side will fear us. At this point the Israelis are really scared when they hear we may supply arms to some of the Arab states.

Mr. Byroade said the present Arab policy of maintaining a delicate balance between peace and war in the area is extremely dangerous; in time the world will say the Arabs' refusal to talk and improve local conditions cannot be condoned. In the present instance it therefore does not seem in the long range interests of the Arabs to restrict SC discussion to the Nahhalin incident.

The Ambassador listed the withholding of U.S. aid to Israel over Banat Ya'qub, SC condemnation of Israel for Qibya, failure of the MAC to find Jordan guilty in the bus incident, and said the Arabs expect some action in the case of Nahhalin. All that is desired is tranquillity; the Arabs are not even asking for implementation of UN resolutions. Unless the West acts, the Arabs may feel compelled to take action which would force the West to rectify the unsatisfactory state of affairs. Will the three powers bring Nahhalin to the SC if the Arabs do not? Mr. Byroade said we were presently considering the matter. He believed the USSR's vetoes in the Council are something more than friendly acts toward the Arabs; they are attempts to frustrate any move toward stability in the Near East. Some way should be found to bring Israel back to the MAC and have Israel–Jordan talks on ways to make the UN machinery more effective.

The Ambassador said the Arabs feel Nahhalin must be brought to the Council but have not yet made a firm decision in the matter. If the Arabs do not bring it, will it be brought by others? Mr. Byroade said his guess was it would be.

(The Ambassador, in referring to Arab apprehensions that expanded discussions will result if Nahhalin is raised in the Security Council, mentioned the Arabs' "new Russian friend".)

No. 785

684A.86/4-754

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State [1]

SECRET [WASHINGTON,] April 7, 1954.

Subject: Representation to Israel on Arab-Israel Border Incidents.

I believe the Arab-Israel border situation has deteriorated to a point where immediate action is necessary to forestall the real danger of an outbreak of general fighting. The UNTSO alone appears no longer capable of coping with the problem and it is too risky to await the outcome of prolonged debate in the Security Council, even if constructive results emerge in the fact of Soviet obstructionism.

Our reports indicate Israel has embarked on a deliberate policy of fomenting border disturbances (Tab A). [2] She appears to have reached the conclusion that the existing situation is intolerable, and appears prepared to risk open warfare. Her objectives apparently are to bring about, through the use of force, a revision of the armistice machinery and permanent arrangements with the Arab states.

The best way of arresting the present trend is to make abundantly clear to Israel our conviction that her policy of force will not pay, and that we will not condone it.

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[1] Sent through the Executive Secretariat. The source text does not bear Secretary Dulles' initials in a space provided for his indication of approval or disapproval. An attached note from Scott of the Executive Secretariat to Under Secretary Smith, dated Apr. 8, reads: "For your consideration prior to submission to the Secretary." The note was initialed by Smith. A notation in the handwriting of O'Connor reads: "1st person note OK."

[2] Below.

Recommendations:

1. That the Secretary call in Eban and discuss with him bluntly our concern over Israel's present policies, making the following points:

(a) Our assessment is that Israel bears heavy responsibility for the deterioration of the border situation. As stated in the past we deplore particularly her policy of retaliation. Our information does not confirm Israel's assertions that the Arab states are pursuing a deliberate aggressive policy.

(b) We are amazed at Israel's attitude toward the UNTSO, upon which peace in the first instance depends. Her position is not justifed by the facts.

(c) We are forced to believe that Israel's present policies, especially her deliberate use of force, will lead to increased disorders and may result in open warfare, which can only harm the best interests of the U.S. and Israel.

(d) We earnestly counsel Israel to undertake a general reevaluation of her present course and to cooperate in working out peacefully permanent arrangements.

(e) Persistence by Israel in her present policies will result in damage to Israel-US relations and may force us into a position of open opposition to Israel.

2. That the Secretary sign the attached telegram (Tab B)[3] informing the British and the French that we intend to make representations to Israel and suggesting that the three powers immediately send parallel notes to Israel based on the Tripartite Declaration of May 25, 1950 warning her of their concern over the border situation and asking her to take all measures in her power to restore stability on the border.

[Attachment]

Memorandum Prepared in the Office of Near Eastern Affairs[4]

SECRET [WASHINGTON, April 8, 1954.]

EVIDENCE OF ISRAEL'S AGGRESSIVE POLICY

1. General Bennike's October 27 report to the Security Council, his replies November 9 to questions from SC members, and his March 1 report to the SC indicate Israel has failed to live up to its declared desire for a peaceful border. In a letter March 29 to the UNSYG, Ambassador Eban strongly criticized Bennike's March 1 report which stated, in part, "An increase in the number of [Israel] complaints does not . . . suffice to indicate a deterioration in the

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[3] Draft telegram not printed.

[4] Drafted by Burns.

local situation on the border. It may indicate an intensification of the cold war between the central authorities. . . . There have been other periods of psychological warfare".[5] As Bennike has said: "respect for the armistice agreements must come from the parties themselves".

2. Substantial guilt for the critical state of affairs is attributable to Israel, . . . (Enclosure 1).[6] The British have received a report that the Israel Cabinet March 28 approved a policy of retaliatory action for border killings (Enclosure 2).[7]

3. When the Israel-Jordan MAC failed March 23 to condemn Jordan for the Negev bus ambush, the Israel delegation walked out, having unsuccessfully pressured MAC Chairman Hutchison with threats before the meeting. Israel failed to heed Hutchison's subsequent request for cooperation in identifying the killers which you endorsed in your March 25 conversation with Eban. Prime Minister Sharett stated to parliament March 24 that the MAC "has failed to carry out its responsibilities and betrayed our confidence . . . has betrayed its primary duty". (Enclosure 3)[8] (We have information which should not be revealed to Eban that Bedouin brigands from Egyptian territory committed the bus murders.)

4. The Israel-Jordan MAC condemned Israel for an organized military attack March 29 on the Jordan village of Nahhalin. Sharett made statements justifying the attack and saying it was a "local affair". (Enclosures 4[9] and 5[10])

5. The Israel-Egyptian MAC condemned Israel for two attacks April 2 by "military or para-military forces" in Egyptian controlled territory (Enclosure 6).[11]

6. We have reports of two organized attacks by Israel forces April 6/7 on the Jordan village of Husan. Our Ambassador in Amman feels immediate action is desirable to cause Israel to desist from aggressive border actions and cooperate through the MAC and the local commanders' agreement (Enclosure 7).[12]

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[5] Ellipses and brackets in paragraphs 2 and 3 are in the source text.

[6] Enclosures 1-7 do not accompany the source text; they are identified here on the basis of a marginal notation. Enclosure 1 was telegram 153 from Jerusalem, Apr. 3, not printed. (684A.80/4-354)

[7] Enclosure 2 was telegram 1016 from Tel Aviv, Apr. 2, not printed. (684A.85/4-254)

[8] Enclosure 3 was apparently an extract from the *Jerusalem Post*.

[9] Enclosure 4 was telegram 1001 from Tel Aviv, Mar. 30, not printed. (684A.85/3-3054)

[10] Enclosure 5 was telegram 144 from Jerusalem, Mar. 30, not printed. (684A.85/3-3054)

[11] Enclosure 6 was telegram 1024 from Tel Aviv, Apr. 5, not printed. (674.84A/4-554)

[12] Enclosure 7 was telegram 411 from Amman, Apr. 7, not printed. (684A.85/4-754)

7. Eban is now engaged in an active press campaign to convince the US public that the Arab states are embarked on an organized campaign of aggression against Israel. His contentions are not borne out by the facts. While the serious problem posed for Israel by Arab infiltration should not be minimized, we have no information from our representatives or the UN indicating that these activities are instigated by the Arab governments. On the contrary, Jordan has taken energetic measures to curb infiltration. In contrast, the Israel Government has deliberately directed—as a matter of policy—attacks by military units against the Arabs.

No. 786

684A.85/4-954: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

CONFIDENTIAL BAGHDAD, April 9, 1954—1 p. m.

605. Prime Minister Jamali, when I called on him today at his request, said he wished to voice his serious concern over developments regarding Palestine. Recent attacks by Israel on Jordan, the latest of which had been the April 6 attack on the Jordan border, had convinced the Arab states that Israel was determined to provoke trouble. Lebanon, on behalf of Jordan, had, therefore, placed the April 6 attack before the SC. He had heard that Israel had also taken the bus attack to SC. He had a report from Iraq Embassy Washington that it was the intention of the Western powers to deal with the whole Palestine situation as one package, but he wished to tell me it could not be dealt with in this manner. Each incident had to be dealt with on its own merits—Qibya, the bus attack, Nahhalin, and now the recent border attacks. He wanted me to know that should the Western powers attempt to deal at UN with the present situation as a package the Arab states were determined to walk out. This action had been approved at Cairo AL meeting by the Arab states, which had also agreed to urge US, in light of recent events, to withhold aid from Israel (Embtel 581 [*586*], April 2); [2] had reviewed their arms potential in view of possible arms embargo; and had voiced, at Egyptian instigation, opposition to any Arab state unilaterally joining Turkish-Pakistan pact.

Prime Minister said he also wanted me to know that Jordan had asked for military assistance. He thought, however, that Brigadier

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[1] Repeated to Beirut, Cairo, Damascus, Jerusalem, Jidda, Tel Aviv, Tripoli, and London; passed to New York.

[2] Not printed.

Daghistani, who had been sent to Amman with a small staff, had convinced Jordan that this was undesirable at this time. Tension remained high, nevertheless, along all of the Israeli-Jordan border.

Prime Minister then said that, in the circumstances, he requested me to urge the US Government:

(1) Not to take steps which would further separate US and Arab states. Pressure on the Arabs again to make peace at this moment would most certainly alienate the Arabs;

(2) Not to condone Israeli aggression. Cutting off financial aid to Israel whose strength and ability to attack the Arabs was derived from American aid, would certainly be an effective means of showing US displeasure.

Israel, he said, should remain calm and contain themselves. He could assure me that no Arab state would touch Israel unless it continued its aggression. He realized that Israel was trying to provoke the Arab states. There was a limit, however, to which the Arab governments could resist popular pressure. Iraq itself had no interest in a fight with Israel. Iraq wanted to repair the damage of the flood and to get on with its own development.

I replied that I understood his concern and that I would convey it and his requests to the Department. I thought, however, that the proposed action of Arab states regarding UN was not in their best interests. It would most certainly alienate public opinion in the US. USSR had walked out of SC and Israel out of MAC and had achieved nothing. He said that if the Arabs walked out it would be a public manifestation of their conviction that justice could not be found at UN and from Western powers. He also wanted me to understand that if the other Arab states walked out Iraq would be obliged to act with them.

Doctor Jamali, although obviously concerned, was calm and moderate throughout our conversation. I believe he is convinced that Israel is spoiling for a fight and that it is trying to provoke the Arabs to retaliation. He is seeking to restrain the Arab states in their own best interest. He believes the problem is greater than can be encompassed within the restricted horizons of the Middle East; therefore, in the interest of peace and stability, he is endeavoring to obtain a fair hearing from UN and the Western powers.

BERRY

No. 787

684A.85/4-954: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, April 9, 1954—11 p. m.

1038. Re Embassy telegram 1037. [2] Hart and I in conversation with Shiloah this evening urged upon him in strongest terms importance of Israel Government taking necessary measures to prevent ambushes by both sides past two weeks from growing into full-scale hostilities; and said we would urge upon Department desirability of calling upon Egypt to engage in discussions with IG on local commander or at other appropriate military level. Shiloah urged that senior Egyptian officer such as Col. Riad be designated. Riad seems to Hart, who met him in Cairo, to be appropriate as he could proceed Gaza ostensibly in connection refugee matters.

Shiloah suggests such military meeting be held entirely without publicity. [3]

RUSSELL

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[1] Repeated to Cairo and Jerusalem; passed to the Department of Defense and the Commander in Chief, Europe.

[2] Telegram 1037 from Tel Aviv, Apr. 9, reported on a visit to the scene of four recent border incidents in the Negev by the Military Attaché, Hart, and Lieutenant Colonel Shalev. (684A.85/4-954)

[3] The Department responded on Apr. 10 as follows:

"Department endorses suggestion Tel Aviv's 1038. Cairo should discuss with appropriate officials urging Colonel Riad attend meetings.

"Cairo and Tel Aviv both requested emphasize our concern sudden eruption incidents Egyptian border and necessity avoiding retaliatory actions. Judging from effectiveness local commanders agreements on Jordan border when both parties cooperated, similar arrangements should prove useful Egyptian border." (Telegram 1261 to Cairo, 2:34 p. m., repeated as 708 to Tel Aviv, both priority; 684A.85/4-954)

Chargé Russell reported on Apr. 14 that the Israeli Foreign Ministry had that day stated that it had considered and agreed with the suggestion reported to it by Shiloah. The Foreign Ministry also expressed its gratitude for the good offices of the United States. (Telegram 1053 from Tel Aviv, Apr. 14, 3 p. m.; 684A.85/4-1454)

No. 788

684A.85/4-954

Memorandum by the Secretary of State to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET [WASHINGTON,] April 10, 1954.

Re: The Attached Memorandum on Representation to Israel [1]

I am not following the recommendations you make at the present time because I feel that to read the riot act to the Israeli Ambassador at this stage would produce no useful results. I agree with your premise that the Israelis have embarked on a deliberate policy of making things worse in the hope that by so doing they may force us to force peace on the Arabs. But until we are in a position of offering them some better alternative than that, I do not feel that merely to upbraid them is going to be very productive. We may and should protest. But not deliver any ultimatum.

The basic fact of the matter is that the Arabs do not want peace and will not negotiate in any way for any sort of a settlement, even when obligated by the Armistice. The only argument which we have to make when we ask the Israelis to remain calm and peaceful is that in some way which has never been clear to me we may in the course of a few years win sufficient confidence from the Arabs to persuade them to negotiate for peace. I can scarcely blame the Israeli for thinking this is wishful thinking.

I feel that it is now essential for us to develop some new approach in this area. I am afraid that this is not a matter which I can give much personal attention to until after I have returned from Geneva, but I think it is a matter which should be given urgent attention by our Policy Planning Staff and very possibly by the NSC itself, and there should be private talks with the UK and perhaps France.

Rod O'Connor tells me that Churchill has sent Sharett a personal message urging upon him restraint and asking that they rejoin the Mixed Armistice Commission. I would have no objection to having a similar message sent from me, or possibly even from the

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[1] Attached to the source text is a memorandum by Jernegan to Dulles, dated Apr. 9 (684A.86/4-954), which stated that "in accordance with your instructions, there is attached a note to Israel embodying the points covered in Mr. Byroade's memorandum of Apr. 7, 1954, Subject: Representation to Israel on Arab-Israel Border Incidents. The note expresses grave concern over the deterioration of the Arab-Israel border situation, and counsels Israel to re-evaluate her present policies, abandon resort to retaliation, and cooperate with the United Nations Truce Supervision Organization." Jernegan recommended that Secretary Dulles sign the accompanying draft first-person note to Ambassador Eban. The draft note is not printed.

President. This is a matter you can clear with General Smith, or if necessary, with me in London.

JOHN FOSTER DULLES

No. 789

684A.85/4-1054: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, April 10, 1954—2:33 p. m.

5344. British Embassy informs us Churchill has sent personal message to Sharett urging restraint in present Palestine situation and asking that Israel renew participation in Mixed Armistice Commission. We believe desirable that Secretary send similar message.

Following text suggested for consideration by Secretary on arrival London:

"Dear Mr. Prime Minister:

"I am much concerned at the recent aggravation of the border situation between Israel and her Arab neighbors. Without attempting to assess blame, I think I should tell you of my strong feeling that the interests of peace in the Near East and Israel's own interests call for the greatest restraint at this moment. I earnestly hope your Government will take all measures in its power to prevent further disturbances on the border.

"I also believe it important that Israel promptly resume participation in the Israel–Jordan Mixed Armistice Commission. I believe firmly that all parties should cooperate fully with the United Nations Truce Supervision Organization in an effort to work out peacefully the differences which are constantly arising. Since complaints from both sides are currently before the United Nations Security Council, it would seem especially appropriate for Israel at this moment to demonstrate her good will and desire to cooperate by resuming relations with one of the most important United Nations organisms concerned with this situation. Sincerely, John Foster Dulles."

Request Embassy London endeavor determine whether such message would be in harmony with Churchill message and seek Secretary's approval its transmission by Embassy Tel Aviv. Notify Tel Aviv direct advise Department and Paris.

In its discretion Embassy Paris may query French Government re its attitude toward dispatch similar communication.

DULLES

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[1] Repeated to Tel Aviv and Paris.

No. 790

684A.85/4-1054: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET PRIORITY TEL AVIV, April 10, 1954—3 p. m.

1040. British Ambassador here told me this morning that United Kingdom Ambassador Amman had recommended to London that efforts should be made, as means of reducing Israel–Jordan tensions, to obtain reinstitution operations under local commanders agreements, which are still legally in existence, but which have been nullified by withdrawal Israelis.

British Ambassador here subsequently received instructions authorizing him to approach Israeli Government in his discretion and after consultation with his American and French colleagues. He has replied to Foreign Office that he concurred desirability reinstitution agreements, but that little purpose would be served by approach here which would have to be limited to formal note delivered liaison office, Tel Aviv. He has suggested alternatively that representations could be made most effectively by Foreign Office calling in Israel Ambassador in London.

I told British Ambassador that at my home Wednesday evening, Hart had made to Eytan and Dayan (as well as to Raphael, Louri, Herzog, Shiloah in Jerusalem Thursday) an impressive case for reinstitution local commanders operations based on his survey border trouble spots and conversations Jordanian and Arab Legion officers. Dayan had reported that Israel had been disappointed results local commander approach, in part because Jordanians never informed Israel of action taken or punishment given in specific infiltration cases. Dayan also mentioned Israel willingness negotiate some border rectification in Jordan's favor in return for concessions to Israel, such as (1) solution to Scopus problem, (2) availability Jordan sweetwater for Israel Dead Sea Potash Works.

Shiloah last night expressed to us his view that local commanders arrangements useful only in implementation of basic understandings which, in initial instance, would have to be reached at higher level and on broader basis.

The comments of Dayan and Shiloah, coupled with recent governmental statements and press commentaries, lead us to conclusion that Israeli Government is hopeful that current border tensions and incidents will lead to a series of bilateral talks with neighboring countries which, while falling short of full peace negotiations, will permit discussions and possible solutions to problems beyond the scope of localized border control measures.

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[1] Repeated priority to Amman, Jerusalem, London, and Paris.

Nevertheless, Hart and I concur in the desirability of the reinstitution of the local commanders agreements and recommend that the Department make a strong recommendation to the Israel Embassy in Washington parallel to the one which we assume the British will be making in London. In making such recommendation, Department may wish to emphasize its belief, based on careful study, its own and other qualified observers, that local commanders agreement Jordan side would be supervised Arab Legion, but should be conducted police officers both sides and that Legion concurs fully and even urges close working police contacts.

RUSSELL

No. 791

674.84A/4-1054: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL PRIORITY CAIRO, April 10, 1954—7 p. m.

1287. Fawzi having especially called my attention to Israeli incident of April 7 (mytel 1280) on receipt of Tel Aviv telegram 1037, [2] I had EmbOff communicate its substance to Loutfi of Foreign Office and Colonel Riad with request it be brought to Fawzi's attention.

Riad commented he has long feared present situation of mutual reprisals would develop but "we must and will continue do our best prevent reprisals", even if it "almost impossible stop them entirely", so as prevent development into all-out hostilities.

Re incidents in question, Riad said he was positive they were carried out by Palestinians not Egyptians. Although civilian arms taken up by Egyptians some time ago (even using trick to get maximum number disclosed) Palestinians will always find arms for reprisals. Riad recommended to previous and present Governor Gaza that arms should be given to responsible civilian heads for self-defense with severe restriction against offensive use but recommendation not accepted to date. Riad thinks his plan would reduce reprisals by strengthening civilian heads who constantly demand that Egypt protect them or else give them arms to protect themselves.

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[1] Repeated to Tel Aviv, Jerusalem, London, and the Arab capitals.

[2] See footnote 2, Document 787.

Re Tel Aviv telegram 1038,[3] I concur desirability Egypt-Israeli military level conference. I believe Riad would agree but cannot predict what Egyptian Government attitude would be.

CAFFERY

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[3] Document 787.

No. 792

884A.86/4-1254: Telegram

The Secretary of State to the Department of State[1]

SECRET PRIORITY LONDON, April 12, 1954—10 a. m.

4489. I mentioned to Eden last evening Churchill's message to Sharett (Deptel 5344 to London)[2] and discussed possibility of my sending similar message. Eden unaware UK Embassy instructed to tell us about Churchill's message. He said that since Churchill considered pro-Zionist a message from him had seemed desirable but doubted desirability of supporting message from US.

In view of above and fact that further message from me might be construed as resulting from my visit London rather than from our own initiative do not believe we should send any message at this time.

[DULLES]

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[1] Repeated to Tel Aviv and Paris.
[2] Document 789.

No. 793

684A.85/4-1254: Telegram

The Ambassador in Egypt (Caffery) to the Department of State[1]

CONFIDENTIAL PRIORITY CAIRO, April 12, 1954—11 a. m.

1295. Re Deptel 1261.[2] Embassy officer again emphasized to Riad yesterday our concern over incidents and necessity avoid retaliation.

Re military meeting with Israelis, Riad said as general principle Egypt always ready cooperate and never refuses discussion. He said he would think about question his attending meeting and might go

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[1] Sent also to Tel Aviv priority; repeated to Jerusalem.
[2] See footnote 3, Document 787.

Gaza April 15 by UN plane if no new incidents. Meanwhile he is recalling Colonel Gohar to take over his work during his absence at Damascus April 18 meeting. Riad said agreements might be reached which would stop major incidents for month or so but could never stop "individual incidents" (i.e. thefts and exchanges of fire across line). He asserted Egyptian retaliations were civilian while Israeli retaliations are organized either by IG or border settlers over whom IG has little or no control. He denied any similarity to situation on Jordan border and concluded it is not matter of agreements of which there are plenty, but of sincere cooperation.

CAFFERY

No. 794

684A.86/4-1354: Telegram

The Secretary of State to the Department of State

TOP SECRET NIACT LONDON, April 13, 1954—1 a. m.

Secto 4. For Acting Secretary from the Secretary. In morning meeting April 12 with Eden we discussed at length Israeli-Arab situation. Kirkpatrick, Roger Allen and Shuckburgh present. Ambassador Aldrich, Butterworth and Merchant with me.

Eden said King of Jordan angry at British over his recent statement in Commons to which he had refused to add new gloss.

I said that I was deeply disturbed over situation in Middle East and that I feared Israel may calculate that matters cannot improve until they become worse. Conditions under the armistice are unsatisfactory with Israel treated as an enemy, blockaded, etc. I said that inference could be drawn from Israeli acts that they were prepared to reopen war in order to create situation from which peace settlement rather than armistice would follow. The Arabs for their part, I said, were fearful of a new attack. A new factor in situation was weight now being thrown behind Arabs by Soviets as witnessed to by their recent vetoes. All of this meant that the area with its immense oil reserves were in increasing jeopardy. I concluded by saying that these events were not likely to happen in near future. It was entirely possible that in year or two they would come to pass and that it was difficult to know with certainty the proper course of action for us to follow. I expressed doubt that by US following more balanced policy in area, we could count on so increasing our influence with Arab states as to promote stability and harmonious relations.

Eden said that he agreed entirely with our analysis as well as my apprehensions and that he likewise was puzzled as to policy to pursue. He said that UK had tried to get Jordan and Israel together on border problems but that Jordan had refused. He believes that USSR now will veto any such talks within the UN, although Allen expressed doubt on this score. Allen noted that Prime Minister of Jordan had recently told UK Ambassador that he would not personally object to meeting on frontier problems with the Secretary General in small subcommittee of the Security Council.

I said that it was my understanding Arabs would not agree to any agenda for such a meeting and that all they were interested in was securing another resolution of censure for Israel.

Allen suggested (and Eden agreed) that only current course was to nibble at edges of problem seeking first frontier control. He felt we should continue to try to get them together under the aegis of UN. Failing that, we might attempt procedure now being used with Trieste under which two of us presumably the French would talk first to one side and then the other in effort to narrow area disagreement and find solution acceptable to both parties.

I pointed out physical as well as political difficulties of effective border control and emphasized importance of restoration cooperation between both police forces which I had urged on my trip last May.

The matter was left that we agreed our estimates of the situation and its seriousness were substantially identical but that I had not committed the US to any particular proposal or course of action. Eden said that UK would attempt to put their suggestions for moving forward on frontier problem in concrete form and then instruct their Embassy to discuss it with Department.

[DULLES]

No. 795

674.84A/4-1454: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, April 14, 1954—1 p. m.

1304. As Department is aware, during past several years Egyptian authorities have only on rare occasions talked to me about Israel. I have never seen Egyptians more deeply and universally disturbed than they are at present over recent Israeli tactics and what they consider to be US attitude thereto.

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[1] Repeated to London, Paris, the Arab capitals, Jerusalem, and New York.

Egyptian officialdom, press and public profess to view plan for general SC review of Palestine case as western plot to force Arabs into peace treaty with Israel (reference Amman telegram 108, April 12).[2] They allege that such a development would confirm effectiveness of Israeli tactic of trying to force peace through terrorist measures.

CAFFERY

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[2] Telegram 108 from Amman to Cairo, Apr. 12 (a repeat of telegram 420 from Amman to the Department, not printed) reported in part that the Jordanian Ambassador to Lebanon had arrived in Amman with the text of a report by Prime Minister Malek concerning a "conspiracy" of Western powers in the Security Council. The report supposedly stated that Israel was preparing for large-scale aggression on all Arab borders during the Security Council debate, for the purpose of enlarging the scope of the Council's deliberations. The Embassy doubted the authenticity of the report, but felt that Jordan was "seriously concerned." (330/4-1254)

No. 796

684A.85/4-1554: Telegram

The Acting Secretary of State to the Embassy in Jordan [1]

TOP SECRET PRIORITY WASHINGTON, April 15, 1954—9:01 a. m.

407. During discussion Arab-Israel problem Apr 12 Secretary and Eden agreed on seriousness present situation. Secretary stated feared Israel calculated matters cannot improve until they become worse and inference could be drawn from Israel acts that she prepared to re-open war in order create situation from which peace settlement rather than armistice would follow. Arabs fearful of new attack. New factor was support now given Arabs by USSR. Secretary questioned whether US by following balanced policy in area could so increase influence with Arab states as to promote stability and harmonious relations.

Eden concurred with above analysis. Felt only current course was to "nibble at edges of problem seeking first frontier control." Stated we should continue efforts get parties together under aegis UN. Failing this we should endeavor accomplish same objective outside UN.

British Embassy informed Department Apr 13 it hoped advance specific suggestions for discussions next week.

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[1] Sent also to Baghdad as telegram 574, Beirut as 1160, Cairo as 1274, Damascus as 417, Jidda as 290, Tel Aviv as 717, and Jerusalem as 90, all priority; repeated to London and Paris by pouch.

Views of addressees requested soonest on points below to assist in formulation Department position for discussion with British.

1. Best procedure for getting parties together for discussion either through UN or in event such efforts prove fruitless by other means.

2. Specific measures which might be taken by Western Powers, UNTSO and parties to improve border machinery and general border situation.

SMITH

No. 797

684A.86/4-1654: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

TOP SECRET PRIORITY CAIRO, April 16, 1954—1 p. m.

1309. My comments on two points in Department's telegram 1274 [2] are following:

1. Prospects for getting parties together through UN at SC or GA level to discuss general settlement are dim at this time. This leaves UNTSO and MACs as only UN bodies where there is hope of getting parties together and nibbling at problem of improved frontier control (only subject now open for discussion).

2. From discussions with Egyptian authorities and some of MAC chairmen following specific measures should help improve border situation and machinery:

(a) Considerable expansion UN observers corps.

(b) UN translators to conduct interrogations.

(c) More thorough briefing of UN personnel before they assume duties as observers or MAC chairmen.

(d) Pressure on parties to create and observe network of local commanders and police agreements.

Even-handed treatment of incidents will do more than anything to assure Arab cooperation. Key element such treatment involves differentiating between individual acts and those instigated or obviously condoned by governments. UN originated publicity would appear best means maintain this distinction.

CAFFERY

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[1] Sent also to Amman, Baghdad, Beirut, Damascus, Jidda, Tel Aviv, and Jerusalem; repeated to London and Paris.

[2] Printed as telegram 407 to Amman, Apr. 15, *supra*.

No. 798

674.84A/4-1754: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, April 17, 1954—noon.

1071. Embtel 1061, [2] Cairo telegram to Department 1305. [3]

Raphael and Tekoah of Foreign Ministry yesterday said Israel delegation consisting of Tekoah and Divon of Foreign Ministry and Colonel Harkabi and Lt. Colonel Shalev of IDF would be prepared meet Colonel Riad at either Beersheba or Gaza on April 19 on agenda "cessation of all acts of hostility and in particular of violations of border security". I said I feared delegation of that size and agenda of that scope would kill prospects of meeting of kind Shiloah, Hart and I had proposed. They agreed discuss matter with Sharett and last evening said IG willing have Tekoah representing Foreign Ministry and Shalev representing military meet with Riad without formal agenda but with purpose of (1) "telling Riad of IG's anxieties re border situation and hearing from Riad what Egypt willing to do about it" and (2) discussing later meeting of plenipotentiaries on over all peace.

Re latter, they said IG had, immediately prior discussion between Shiloah, Hart and myself, made direct contact with Egypt concerning possibilities such meeting. I said re (1) I thought meeting would be more fruitful if it took form of mutual discussion of common problem and (2) proposal would of course require full consideration at highest level Egyptian Government and too great emphasis on it might result in wrecking informal exploratory meeting on border problems which Shiloah, Hart and I had discussed. Said I appreciated Sharett's agreement to such ambitious meeting and would forward IG's suggestions.

RUSSELL

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[1] Sent also to Cairo as telegram 82.

[2] In telegram 1061 from Tel Aviv, Apr. 15, 3 p. m., Charge Russell reported that Arthur Lourie, the new head of the U.S. Division of the Israeli Foreign Ministry, had stated that the Israeli Government hoped that the proposed meeting with an Egyptian representative would deal with a broader range of questions than those relating to the immediate border situation. Russell expressed the hope to Lourie that the Israeli Government would not attempt to "place too heavy a load on this fragile craft on its first voyage." (684A.85/4-1554)

[3] Not printed.

No. 799

684A.86/4-1754: Telegram

The Consul at Jerusalem (Tyler) to the Department of State [1]

TOP SECRET PRIORITY JERUSALEM, April 17, 1954—2 p. m.

160. Department telegram 90 to Jerusalem. [2] Israel has made much of Jordan refusal to meet under Article 12 and might be made to see some inconsistency in her own refusal to return and cooperate with MAC if formally requested to do so by Secretary General UN. Also there are some indications Israel may wish to be forced take this action (Contel 152) [3] and possibly it might strengthen Sharett's position. If Israel does return easy to call meeting with Bennike as chairman to discuss improvements border machinery. This would be victory for Jordan and unfortunate in view Jordan obstinacy to honor her signature on Article 12, but Arab ability to commit suicide over some fancied point of honor one of realities of situation. However, Israel not blameless in refusing to honor UN resolutions.

Present situation more serious, but not essentially dissimilar to that existing 1953. Israel requested "high level" talks with Jordan in January 1953 (Contels 90 and 96 January 29 and February 5, 1953) [4] and as a far too frequent indication of her manner of bringing the parties together, Israel immediately undertook brutal raids on Falama and Rantis and later occupied Arab college in Government house grounds. Naturally Jordan could not "meet" under these circumstances. High level talks finally took place June 29 (Contel 1, July 1, 1953). [5] No mention then made of Article 12 and to suggest similar talks now to Jordan would probably fail as only subterfuge, still suggestion might be made to Jordan as a compromise between their refusal to meet under Article 12 and Israel insistence MAC incompetent to correct situation.

Also in January 1953 Israel broke off local commanders meetings and only special request of Secretary Dulles to Ben Gurion caused Israel to reinstate them. To save face Israel pretended certain new regulations were agreed upon (Contel 166, May 29, 1953).[3]

ConGen has always maintained MAC an excellent institution given sincerity both parties, and local commanders meetings best means yet devised to curb infiltration. But Israel has found weak and false reasons for denouncing them in past and refusing to agree to improvement in rules of procedure (Contels 84, January 21 and 165, May 29, 1953).[5] I feel strongly that we should confront Israel with known facts of her statements calling for easing of border tension as contrasted with her hostile acts of reprisal raids and sabotaging local commanders agreements and rules of MAC procedure which is best method of "nibbling" at border control. Furthermore, Israel makes frequent claims she "knows how to treat Arabs" and therefore, well aware to call for meeting under Article 12 would only irritate Jordan and while giving Israel propaganda advantage it was not in interest of peace or easing border tension. There is also enormous difference between individual acts of infiltrators and group reprisals officially undertaken or condoned by governments. Jordan does punish known infiltrators; Israel never punishes those guilty of reprisal raids. ConGen and UNTSO here in agreement Jordan making sincere effort curb infiltration (Consulate's despatch 160, February 22, 1954 and Amman telegram 394, April 1, 1954).[5] Nor in three years I have been here have I ever had any reasons to suspect infiltration sponsored by Jordan Government. UN states lack of pattern infiltration points to individual or small gang activity. It naturally serves Israel's purpose to claim Jordan Government behind it and Israel must make such claim in order to justify her official reprisal raids.

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[1] Repeated to Tel Aviv, Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, London, and Paris.

[2] Printed as telegram 407 to Amman, Document 796.

[3] Not printed.

[4] Neither printed.

Entrance Russia into Middle East politics makes Israel's game extremely dangerous and Israel must be made to see danger not only to her own existence but to world and return to MAC and make sincere efforts at working level to ease border tension. Israel once claimed she would be satisfied with partition. Now she has more territory than partition gave her but she does not seem to be satisfied with it leading to possible conclusion that she wants peace but only on her own terms. The patience that caused her to wait 2000 years for Israel to exist must be used if she wants peace. There is no easy way and Israel must begin by being fair to the Arabs within her own borders as well as with those just outside. Otherwise confidence will never be established and peace will never come. To reopen war in hopes of forcing peace seems suicidal. Even if Israel won now forty million Arabs would remember and in end Israel would cease to exist. Sentimental appreciation of Israel's plight should not allow us to overlook determination this people who killed their own in blowing up King David Hotel and sunk the *Patriau* in Haifa harbor in 1940 resulting in the drowning of over 250 Jews. It may be asked if qualities which led to Maccabeeian and Bar Kochba revolts two thousand and more years ago and finished in destruction of Israel still exist in Jews today. . . .

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[5] Neither printed.

Above reflections not anti-Israel but from belief Israelis not only key to peace in area but by patience and justice a possible leader of a democratic Middle East. If Israel from her sense of chosen destiny, arrogance and terrible subjectivity (Con despatch 135 January 16, 1954)[6] cannot be made to realize the consequences of her acts she may perish and not impossibly the world with her. She must be patient and know that we will support her if she does and that because we disapprove certain of her acts does not mean we are deserting her. But there is a limit.

ConGen fully supports specific recommendations Commander Hutchison to improve border machinery (Con despatch 163 February 26, 1954).[6]

TYLER

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[6] Not printed.

No. 800

684A.86/4–1754: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

TOP SECRET PRIORITY TEL AVIV, April 17, 1954—3 p. m.

1072. Israel-Arab border problem (Department's telegram 717)[2] stems in part from presence of several hundred thousand Arab refugees along border with juxtaposition Arab poverty and Israel's comparative wealth; in part from feelings of Arab elements that infiltration is effective adjunct to Arab economic boycott; and in part from Israeli Government's excessive harshness in attempting deal with infiltrators, which increases dimensions of problem, and policy of refusing participate in partial measures in its attempt secure full peace agreements. To extent first is cause, it can be dealt with only by resettlement of refugees. Second can be effectively dealt with only by convincing Arab leaders that prolongation of infiltration is against their interests. Third by insistence to Israeli Government of folly of its policies.

Concrete reality toward which all efforts must be directed, through Security Council or otherwise, is meetings between Israel and representatives of respective Arab countries with desire on both sides to make progress on infiltration problem. Israel–Jordan meeting should: (a) be of such a nature and in such context as to provide least embarrassment on part of Jordanian Government towards its public and toward other Arab states, (b) provide greatest assurance to Jordan that it will have support of other powers and UN Secretary General in a last solution and will not be in danger of loss of position through superior maneuvering by Israel.

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[1] Transmitted in two sections; repeated to Amman, Beirut, Cairo, Damascus, Jerusalem, London, and Paris.

[2] Printed as telegram 407 to Amman, Document 796.

Embassy believes approach by tripartite powers and Secretary General of UN to Jordan, Egypt and Syria would be likely to be more effective than initial Security Council action, since it would provide less publicity and greater opportunity of flexibility in formulating arrangements, of speaking frankly to governments concerned, and of finding face-saving formula for Arabs. It would minimize danger of Soviet maneuvering to get into the picture. Also it would be easier to try Security Council if direct conversations failed than vice versa.

Tripartite powers and UN Secretary General might say to Arab Governments: Present situation involves real danger of outbreak of hostilities which would inevitably result in death and hardship to large number of Jordan population as well as political chaos and vacuum which must concern entire free world.

Israel Government might be told: Israel's insistence on attempting coerce Arab Governments and peoples into immediate and complete peace and Israeli Government's refusal to cooperate in numerous measures which have been suggested for achieving progressive tranquillity as step to definitive peace has been a cause of present threatening situation. Other powers willing to do whatever possible to bring about improvement, but this will be possible only if Israel: (a) whole-heartedly cooperates in measures that will progressively restore tranquillity but may fall short of complete peace; (b) shows more perception of legitimate concern of Arabs and other powers over such policies as reprisal raids and unlimited immigration into Israel and IG unilateral and *fait accompli* approach on such problems as Jerusalem and Banat Yaacov; and (c) ceases attempting to make it appear to Arabs at all times that IG is in drivers seat and is calling terms.

Embassy suggests as specific measures:

(a) Resumption full participation in MACS by all parties: (b) reactivation of local commander agreements Jordan–Israel border with similar arrangements other borders; (c) completion of clear and continuous marking of boundary lines with deterrent fencing where infiltration most serious; (d) establishment of survey groups for each boundary with chairmen designated by UNSYG and representation both parties to study and make recommendations measures designed to reduce border incidents; (e) establishment procedures of appeal by either party to local commander agreements to MAC, chief of UNTSO, and possibly UNSYG, in cases where it is claimed other party not implementing agreements in good faith; (f) strengthening of UNTSO by staff which could cooperate with police of both sides in implementing local commander agreements.

Embassy also suggests reaffirmation, strengthening and spelling out of tripartite guarantee of present Israel–Arab border. It would help relieve border tension by lessening sense of need of military measures by respective countries along border which sometimes leads to exchange of fire like that recently on Israel–Syrian border. It would also lessen IG compulsion take measures to counteract Israel public's nervousness resulting from hostile declarations of Arab leaders and prospective change in balance military power in area from Egyptian control Suez base and US program of arms aid.

RUSSELL

No. 801

684A.86/4-1754 Telegram

The Ambassador in Jordan (Mallory) to the Department of State[1]

TOP SECRET AMMAN, April 17, 1954—5 p. m.

429. Reference Department telegram 407.[2] Viewed from Amman, there are only two avenues for easing Israeli-Jordan tensions. First is deep changes which may occur as result Turkey, Pakistan Agreement, especially if Iraq, and possibly others join. However, local deterioration too rapid permit waiting upon evolution regional improvements. Second is bringing such strong pressure on both countries as cause some cooperation. Since matter already in United Nations Security Council, its consideration there must presumably be completed. However, this means, unreinforced by concurrent Anglo-American action, can, on one hand, result in little progress, and on other, almost certain engender increasing Jordan reliance on Russia and weakening position of West.

In spite of mutual hatred and internal dissensions, strong and wise leadership in Israel and Jordan might lead to composure differences, viz. Smyrna massacres and subsequent composure by 1931. Domestic tensions within two countries appear poorly bridled. Jordan Government of past year has maintained itself by acceding to every pressure and stoking the fires of intransigence. Prime

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[1] Repeated to Tel Aviv, Damascus, Jerusalem, London, Paris, Baghdad, Beirut, Jidda, and Cairo.

[2] Document 796.

Minister has been all things to all men. Respecting Israel, he has not had the guts to say anything more than that he will "never, never, never discuss peace with Israel".

During past year xenophobic nationalists, both right and left, as well as such presently Communist lining [*leaning*?] groups as Bath, have not been countered and are fast rising in influence. Certainly situation is being nicely created for Soviets to fish in troubled waters.

It is my conviction that outside pressures must be exerted on leadership these countries in order to give them the backbone to accept measures that will ease tensions. Effectively these must originate largely in United Kingdom and United States, and I recommend that because of unequal influence, pressure on Jordan should be primarily by United Kingdom, and on Israel primarily by United States. In eyes of Jordan and Arab world, evidence of use pressure here would need be accompanied by similar evidence pressures on Israel.

Regarding question one, reference telegram, Embassy uninformed steps taken or progress made United Nations approach, but if advanced, then proposed *rapporteur* technique outlined Department telegram April 9 [3] appears most desirable course. As mentioned, use United Nations machinery alone will not be effective, unless governments concerned can be led or forced compose matters.

Reference [question] two, most urgent requirement regarding UNTSO border machinery is not its improvement, but its use. Israel appears the offender this regard (communications Jerusalem Consul General). Embassy believes Jordan, Israel local commander and MAC meetings must be instituted and made function. Number of observers should be increased as per Bennike request.

In any meetings beyond UNTSO machinery in which Jordan may be asked to participate fears may be partially quited by indication of agenda. By such an agenda, Jordanian Government can establish that it is not entering meeting to negotiate peace settlement with Israel.

MALLORY

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[3] Reference uncertain.

No. 802

684A.86/4-1854: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

TOP SECRET PRIORITY BEIRUT, April 18, 1954—11 a. m.

874. Despite some recent alarmist rumors situation along Lebanese-Israel frontier continues reasonably stable. However, repeated incidents along Israel's other frontiers have caused Lebanese Government grave concern and give evidence, as noted by Secretary, that Israelis deliberately engaging series of military, quasi-military and political actions aimed at keeping frontiers in turmoil and so depreciating value of UNTSO machinery that UN and great powers will feel impelled seek some new arrangement more to Israel's advantage. This situation leads me venture following comments in reply Deptel 1160, April 15: [2]

(1) Our declared policy of impartiality is sound but in existing circumstances it would be inconsistent with sound political judgment to interpret impartiality in terms of holding both sides equally responsible. The fact is that Israel has gotten out of line and real impartiality requires getting her renew play according to rules. After all, a referee does not cease being impartial when he penalizes an offending team.

(2) As regards direct talks, this too is a sound objective provided that circumstances are reasonably favorable but unfortunately such is not the case now nor can it be foreseen in the near future. To begin with, it would seem that Israel is in fact not so much attacking the Arab States as the UN armistice machinery itself. Secondly, it is not believed that any Arab government could, even if it would, accede to Western pressures, no matter how strong, to engage in direct conversations as matters now stand. Thirdly, even if by some miracle talks should take place now, it is difficult to believe that results would be productive in view present emotional intensity and domestic situations in countries concerned.

(3) While reiterating endorsement principles of impartiality and encouraging direct talks as feasible, it would respectfully suggest that progress toward solution of Palestine problem may have been retarded rather than stimulated in past by argument that Arab-Israel problem is "theirs" not "ours". This is not fact. Israel came into being as result action by the international community and it will take further action by the international community to settle her as peaceful Near Eastern state. To be sure the Arab States and Israel have an important share of responsibility but it is only partial. Furthermore, regardless of responsibility, the task would be

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[1] Repeated to Amman, Cairo, Damascus, Tel Aviv, London, Paris, Jidda, and Jerusalem.

[2] Printed as telegram 407 to Amman, Document 796.

beyond Arab-Israeli capacities in any event. We should not postulate the unrealistic nor ask the impossible.

(4) It would follow from foregoing that unless and until we and our major allies, working both within and outside the UN, can come forward with substantial plans which could be made basis for effective General Assembly action, it is pointless to seek maintain policy of seeking "peace" in some other way. Meanwhile, might it not be more realistic and productive to acknowledge that all we are seeking for time being is a *modus vivendi*, which might even take form of genuinely respected armed truce. If all of us, that is Arabs, Israelis and international community, could reconcile ourselves to this idea, I believe that there would be better prospects of working gradually toward final peace.

(5) While the American Government should be prepared to play vigorous role, it is essential that there should be full cooperation by others, especially our major allies. Unfortunately such cooperation has not always been up to desired level with result that we sometimes find ourselves in unnecessarily exposed position.

(6) As regards means for strengthening present truce machinery, Lebanese-Israeli MAC has had so few problems and worked so well that we have had little first-hand experience on which to base specific suggestions other than to endorse helpful ideas in Cairo's 1309, April 16,[3] and to inquire whether any new thinking may possibly have been developed regarding an "international police force" to overcome well-known objections raised when idea was originally considered.

To summarize, we agree that Palestine crisis indeed serious but that hope for improvement at this stage does not lie in encouraging direct negotiations but rather in recognizing that international community bears important responsibility and in being prepared to face Near Eastern cold war for some time in anticipation that eventual peace will come either by some new and basic UN action or by piecemeal adjustment and the passage of time. Meanwhile, UN supervisory machinery should be strengthened and its authority imposed with rigid impartiality.

Hare

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[3] Document 797.

No. 803

684A.86/4-1854: Telegram

The Ambassador in Iraq (Berry) to the Department of State [1]

TOP SECRET PRIORITY BAGHDAD, April 18, 1954—11 a. m.

623. Regarding Deptel 574, April 15.[2] As seen from Baghdad Mr. Eden's suggested course of action to "nibble at edges of problem seeking first frontier control" is most feasible approach. At local level without benefit of wide publicity we can make progress even on Palestine problem whereas when issues are spotlighted both sides take inflexible positions.

Unfortunately, Iraqis are convinced that actions looking toward getting the Arabs and Israelis together in UN at high level is Zionist inspired to meet Israeli needs. Unfortunately, too, the greater the pressure to bring about such a meeting the greater resistance set up.

As for getting parties together through other means, Embassy suggests that failure to act through UN would convince Arabs that western powers share Arabs lack of confidence in UN and therefore by-pass it when it does not serve their interests. Embassy not in position to comment fruitfully on (2) since it has had no direct experience with these problems.

BERRY

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[1] Repeated to Amman, Beirut, Cairo, Damascus, Jidda, Tel Aviv, Jerusalem, London, and Paris.

[2] Printed as telegram 407 to Amman, Document 796.

No. 804

684A.86/4-1954: Telegram

The Ambassador in Syria (Moose) to the Department of State [1]

TOP SECRET PRIORITY DAMASCUS, April 19, 1954—5 p. m.

455. Deptel 417, April 15.[2]

Following comments on numbered paragraphs Deptel 417:

(1) As far as Syro-Israeli relations concerned, meetings under MAC auspices offer best prospect discussion and gradual elimination points friction along frontier. Such meetings inaugurated early

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[1] Repeated to Amman, Baghdad, Beirut, Cairo, Jidda, Jerusalem, Tel Aviv, London, and Paris.

[2] Printed as telegram 407 to Amman, Document 796.

1953 were suspended last May and have not resumed due Banat Yaacov controversy. Informal talks might be renewed as result request MAC chairman that parties discuss ways improving border situation along lines paragraph 2 below. Request could be supported as necessary by three powers;

(2) Specific improvements in armistice agreements and machinery, which would facilitate subsequent more general discussions, might include: (1) renegotiating armistice demarcation line in order remove such anomalies as separation certain Syrians from traditional watering and fishing locations; (2) replacement Syro-Israeli demilitarized zones, which never intended as final solution border problems, with line perhaps through Huleh and Tiberias and Jordan River (efforts parties informally negotiate such arrangement suspended in May 1953);

(3) Assignment politico-legal officers to each MAC under Vigier's general direction;

(4) Employment UN translators.

While special committee might be formed to pursue foregoing, believe existing machinery can handle problems if given effective UN and tripartite support. New body might draw Arab fire as western ruse "force" peace talks.

Foregoing is submitted in response to Department's invitation. Embassy does not believe, however, that solution of Palestine problem depends on better procedures. Of greater importance are basic attitudes of Near East governments which include (a) Israeli "tough" policy toward its Arab neighbors, (b) Arabs lack of confidence in policy of UN and western powers, and (c) emotional spite of Arabs which renders them unable to regard relationship with Israel rationally.

If UN and western powers prevail on Israel to act in accordance with professed Israeli desire to have peace with neighboring Arab states, such action will eliminate point (a) above, will prepare way for elimination points (b) and (c) and be real contribution toward improvement immediate situation and toward eventual achievement of peace in Near East. Only Communists are likely to profit if effective measures are not taken or are long delayed.

This Embassy sees no quick, easy or dramatic solution; and any measure which attracts widespread publicity is more likely to hamper than to help.

MOOSE

No. 805

684A.86/4-2054: Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

TOP SECRET JIDDA, April 20, 1954—1 p. m.

440. Deptel 290, April 15.[1] From our listening post in this primitive still basically puritanical Wahabi community in which St. John Philby tells me Court thinking continues governed largely by old King's theme that SA is "firstly Moslem and only secondly Arab" we can best answer question in referenced telegram by saying we see no procedure for getting parties together for any purpose and question two by reporting that not even our generally well informed Embassy Arab consultant has ever heard of UNTSO or bothers even endeavor comprehend details border machinery.

WADSWORTH

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[1] Printed as telegram 407 to Amman, Document 796.

No. 806

684A.86/4-2154

Memorandum of Conversation, by the Secretary of State[1]

TOP SECRET [WASHINGTON?,] April 21, 1954.

MEMORANDUM OF CONFERENCE WITH PRESIDENT EISENHOWER, AUGUSTA, GA., APRIL 19, 1954

We discussed the Arab-Israeli tension and the matter of military aid to Iraq. I gave the President our State Department estimate of the present situation, and the danger that the Israeli might be deliberately trying to break the armistice open on the theory that that was the only way to get a better arrangement. I also referred to the Arab fear of increased Jewish immigration and consequent inevitable expansion. The President agreed that we should continue our present policy of impartiality and should not be deterred by political pressures which might generate in connection with the forthcoming elections. He suggested I should make a speech on this subject when I returned, a speech which he would go over with me in advance. He felt it was all right to conclude the mutual security agreement with Iraq on the condition that the actual aid given should be dependent upon the international situation at the time. He hoped very much that the agreement would in fact lead to identification of agreement with Turkey-Pakistan. I said that I thought the best hope of this was to proceed as we had planned, but I was confident that our action would be met by strong political opposition from elements subject to Zionist influence.

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[1] Addressed to Assistant Secretary Byroade; signed for the Secretary by John W. Hanes, Jr.

JFD

No. 807

684A.85/4-2154: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State [1]

CONFIDENTIAL LONDON, April 21, 1954—7 p. m.

4636. Foreign Office told us and French Embassy today that British Embassies Washington and Paris have been instructed inform Department and Quai d'Orsay that Eden desires discuss Israel-Jordan border situation with Secretary and Bidault in Paris, preferably afternoon of 24th. Purpose would be explore possibility tripartite joint approach to Jordan and Israel with view ascertaining their concrete suggestions for improving border machinery and reducing border tensions. Foreign Office hopes Department can send its reaction to suggestion to Paris in advance of proposed discussion between three foreign secretaries.

Foreign Office explains its suggestion based on growing skepticism as to prospects from prompt and effective SC action. British believe approach should first be made to Jordan (in Amman) and then, following receipt HKJ views, to Israel (Foreign Office thinking not definite as to when approach to Israel would be made). Parties would be approached in this order because: (1) UK does not wish close door to possibility of meeting two parties in New York whereas simultaneous approach would imply this abandoned; and (2) UK believes Israel "more out of line" than Jordan as regards present situation, hence approach to Israel would be strengthened if any specific suggestion, e.g., return of Israel to MAC, resulted from approach to Jordan.

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[1] Repeated to Paris (for Secretary Dulles) as telegram 636, and to Tel Aviv and Amman.

Initially only Jordan and Israel would be approached, although British realize HKJ may consult other Arab governments and other aspects Israel-Arab situation may be brought in.

Aldrich

No. 808

684A.85/4-2154: Telegram

The Acting Secretary of State to the Secretary of State, at Paris [1]

CONFIDENTIAL WASHINGTON, April 23, 1954—3:04 p. m.
PRIORITY

Tosec 8. We agree with British suggestions as set forth London's 636 to Paris [2] for separate approaches to Jordan and Israel by tripartite powers and with proposed tactics. In face of Soviet obstructionism and Arab opposition to meeting between parties, we also are not sanguine as to constructive results from SC proceedings. However since we still exploring what may be done in SC we believe we should postpone decision on timing of approach until course SC discussions becomes clearer. In interim three powers could usefully clarify among themselves their views on concrete measures which might be taken and on terms in which approach to Jordan and Israel should be made.

If you concur you may wish to discuss with Eden and Bidault along above lines.

Smith

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[1] Repeated to London, Tel Aviv, and Amman.

[2] Printed as telegram 4636 from London, *supra*..

No. 809

684A.85/4-2554: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, April 25, 1954—2 p. m.

1348. Re Tel Aviv telegram 1071. [2] Riad told Embassy officer yesterday he or Gohar prepared meet Israelis opposite number any time for informal discussion border problems with or without local commanders and police participation and in presence UN observer.

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[1] Repeated to Tel Aviv as telegram 74.

[2] Document 798.

Riad said such meetings had been suggested many times, most recently to MAC chairman Hinkle who approved, but fact that nothing ever came of suggestions showed Israelis seek political or propaganda advantage from border situation and have no genuine desire reduce incidents. Nevertheless, Egypt always prepared cooperate immediately in any such meeting.

Israeli concept of purpose such meeting as described reference telegram was not conveyed to Riad.

CAFFERY

No. 810

674.84A/4-2754: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, April 27, 1954—1 p. m.

1114. Reference Cairo telegram 74 (1348 to Department) [2] and Embtel 1071 to Department (82 to Cairo). [3]

Foreign Ministry informed Embassy this morning:

1. Desires meet with Riad though would have no objection to Gohar or other representative also being present.

2. IG representatives will be Lt. Colonel Shalev (IDF) and Samuel Divon (recently of Israel Embassy, and currently advisor on Middle East affairs in Foreign Ministry).

3. Would prefer meeting without UN observer present but will acquiesce if Riad wishes.

4. Latest developments indicate desirability of early meeting and suggest Thursday or even Wednesday (tomorrow).

5. Suggests IG be informed through this Embassy of Riad's wishes as to time and place of rendezvous of cars and place of meeting (presumably Beersheba or Gaza).

RUSSELL

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[1] Also sent to Cairo as telegram 85.

[2] *Supra.*

[3] Document 798.

No. 811

684A.86/4-2854: Circular airgram

The Acting Secretary of State to Certain Diplomatic and Consular Offices [1]

SECRET
CA-6175

WASHINGTON, April 28, 1954.

Subject: Discussions With UK on Arab-Israeli Border Situation

The Department initiated on April 26 discussions with representatives of the British Embassy on means to bring about in the short term period improvements in the present situation on the Israel-Jordan border. The British representatives were given a copy of the attached paper which sets forth the rationale for the talks and the possible measures which might be taken. It was made clear to the British that the paper is a working level document and does not represent a firm Department position. The points given under Section III(B) were taken from the useful suggestions received from the Field to which were added thoughts developed in the Department.

The British presented a paper containing suggestions from the Foreign Office based in turn on comments from British posts. Although differing in wording and emphasis, the British proposals correspond to points 2, 4, 6, 7, 10, 11 and 13 of Section III(B) of the enclosure. . . .

The British informed the Department that their suggestions had been made available to the French, who expressed no objection in principle except to the provision for frontier rectification.

The objective of the present discussions is to obtain agreement between the Three Powers on measures which might be taken. Until the course of the discussions in the Security Council becomes clearer, it is not feasible to determine definitely how the proposals could be presented most effectively to the parties. Direct diplomatic action by the Three Powers in Amman-Tel Aviv could complement and support any work of the Security Council.

The Department recognizes that implementation of the various measures may involve a considerable financial outlay which, in turn, would affect the United Nations budget. Therefore, it will be necessary to consider the budgetary situation in determining which measures should be adopted and their order of priority.

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[1] Sent to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, London, Paris, Tel Aviv, and Jerusalem.

Action required: The Missions in the Arab Capitals, Jerusalem and Tel Aviv are requested to submit as soon as possible their comments on the feasibility and usefulness of the different points listed under Section III(B). Any additional suggestions also would be welcomed.

Smith

Enclosure

Subject: Arab–Israel Border Situation

Problem: To bring about in the short term period improvements in the present dangerous situation on the Israel–Jordan border.

I. Existing Situation

A. Israel apparently has embarked upon a policy of aggravating the border situation in the belief that, at the risk of open warfare, she can force the replacement of the Armistice by a peace settlement. The use of force and retaliatory raids appear to be deliberate Government policy. Although the problem caused for Israel by Arab infiltration should not be minimized, the evidence indicates only individuals or small groups are responsible. Jordan has made a determined effort within its capabilities to stamp out this practice.

B. Israel has been campaigning for a high-level meeting over an extended period. She wishes as broad a discussion as possible, including what would amount to peace talks. However, according to Shiloah, she is prepared to accept a fixed agenda, limited to consideration of measures to improve the operation of the Armistice Agreement. Israel has withdrawn from participation in local commanders' meetings in retaliation for alleged Jordanian failure to curb infiltration.

C. Jordan has refused to attend a high-level meeting or to honor her obligations under Article XII. She apparently feels such talks would lead to discussions of a permanent peace with Israel. In her refusal, she has been supported by the Arab League.

D. USSR and Arab obstructionism has fettered efforts of the Security Council to take effective action on the Palestine questions.

II. Procedures

The problem may be approached through three different mechanisms:

A. Through a procedural Security Council resolution designating a *rapporteur* and asking him to consider with the parties and UN representatives concerned means to improve the border situation. The US and UK are now supporting Security Council action, al-

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though they have differences of opinion over how discussions with the parties should be carried out. The British have favored establishment of a subcommittee.

B. If efforts in the Security Council prove fruitless, a meeting between Jordan and Israel might be secured through direct diplomatic action by the Western Powers in Amman and Tel Aviv, using the Tripartite Declaration as a point of departure.

C. Endeavor to secure separately Israel's and Jordan's agreement to concrete measures to improve the border situation. The Tripartite Powers would "shuttle" between Amman and Tel Aviv for the purpose. Eden intends to propose this approach to the Secretary in Paris on April 24. We have telegraphed the Secretary that we approve the proposal, but believe the timing of the first approach should be decided after the course of the Security Council discussion becomes clearer.

D. Considering Soviet obstructionism in the Security Council and probable Jordanian refusal to attend a meeting, "C" appears to offer the only prospects.

E. In considering procedure, account should be taken of the following:

1. The Armistice Agreement, which forms the legal basis for the existing situation, may be modified only by the parties. The same is true of the MAC rules of procedure. Thus, agreement between the parties to any changes appears essential.
2. Under existing circumstances, the MACs and UNTSO do not provide an adequate forum to cope with the situation.
3. The UN and particularly the UNTSO should be represented at any meeting in view of its importance in the Palestine problem and the danger to its prestige which would result from exclusion.
4. Jordanian fears of a meeting could be eased by spelling out the agenda in advance, making clear the discussions would be within the context of the armistice agreements and would not involve "peace talks."
5. Because the Arabs become so intractable when in a group, Syrian, Egyptian and Lebanese participation along with Jordan at any meeting should be avoided if possible.

III. Substance

The parties themselves are responsible for enforcement of the Armistice and, therefore, for preventing border incidents. The UNTSO has no enforcement authority; its role is to observe and report. Consequently, the essential ingredient is cooperation between the parties and a desire by the parties that the frontier should remain quiet. (The importance of this point is stressed by all comments from the Field.)

Two possibilities may be considered:

A. Assumption by the UN or the Western Powers of direct responsibility for border security, involving, in effect, discarding as unworkable enforcement by the parties of the Armistice Agreement.

1. The course would involve a heavy commitment, including willingness to use force to prevent violation of the frontier. The force could take the form of troops provided by the UN or Western Powers.

2. The procedure would be warranted only if the conclusion is reached that cooperation between the parties cannot be induced and, therefore, that no amount of tinkering will render the Armistice Agreement workable.

3. The present situation does not appear to demand such drastic measures. They would be required at the end of any outbreak of open fighting.

B. Revamping and strengthening the armistice agreements in letter and in spirit. The essential prerequisite is cooperation by the parties between themselves and with the UNTSO. Assuming this cooperation, the following measures could be considered:

1. Appointment of a new Chief of Staff, preferably a figure of world stature (for example, General Bradley or General Van Fleet), whom the parties would be forced to respect. The timing and manner of any change would be of the utmost importance to avoid damage to our relations with the Arabs, who regard General Bennike as their friend. The approval of the Secretary General of the United Nations would be required, and General Bennike's retirement would have to be presented as voluntary.

Appointment of higher-ranking officers of outstanding ability as chairmen of the MACs.

2. Increase number of observers, recruiting with special attention to quality and impartiality. The period of service of the observers, except for the Chief of Staff and MAC chairmen, could be shortened since old timers appear to develop localitis. If the term of service is relatively short, the observers could be expected to live in frontier villages near the usual trouble spots. At present the tendency of the observers is to live on the Arab side of the lines. They should be required to divide their time between the two sides and should be provided an increased cost-of-living allowance to meet the higher costs on the Israel side.

3. Assignment on a consultation basis of experts from the United States-Mexican border service and of special police officers. Such officials might be expected to have worth-while suggestions for controlling infiltration and investigating crimes. The British military and colonial services might provide officers with similar experience.

4. Assignment of United Nations translators, and politico-legal advisers to each MAC.

5. Recognition in practice by the parties that the observers have freedom of movement and investigation, including the unques-

tioned right to cross the frontiers at any point the observers deem advisable.

6. Adoption of new rules of procedure in the MACs. An objective would be to speed up the process of investigation and of handling of complaints in the MAC. Specifically, the chairman should be permitted to introduce resolutions and to initiate investigation.

7. Prompt and continuing publicity by the United Nations of MAC decisions and of conditions on the border and responsibility therefore.

8. Improved equipment for the observers. This might include assignment of helicopters, which might have special moral effect on would-be infiltrators and could patrol the lengthy frontier. Assignment of tracking dogs directly to the UNTSO. Improved radio communication.

9. Acceptance by the parties of their obligation to attend MAC and other meetings called by appropriate United Nations officials.

10. Clear delineation of the demarcation line by United Nations surveyors, followed by the erection of physical barriers at points of greatest friction. Jordanian apprehensions that demarcation would imply acceptance of permanent frontiers for Israel could be minimized by a statement similar to that contained in the Armistice Agreement—the boundaries delineated are without prejudice to the rights, claims and positions of either party hereto in the ultimate peaceful settlement of the Palestine question (Article II).

11. Notification to the MAC by both parties of the punishment given persons accused and convicted of infiltration or other individual violations of the Armistice. Such sentences need not be published. The procedure could serve to reassure Israel, particularly, that Jordan is making sincere efforts to stop infiltration.

12. Issuance of passes for the movement of Arabs from the Gaza Strip to Jordan under United Nations supervision. The movement could take place in convoys along specified routes. At the present, a relatively large-scale illegal movement takes place between these two points. Legalization of this traffic, which generally may be innocent in motive, should serve to reduce incidents.

13. Reinstatement of the local commanders' agreements. The persons concerned with armistice enforcement, including General Riley and General Bennike, attach first importance to cooperation on the local level. Police officials should be used and a premium attached to maintaining the quietest sector. (Reports from the Field attached first importance to the local commanders' and similar agreements.)

No. 812

674.84A/4–2854: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, April 28, 1954—11 a. m.

1359. Re urtel 85. [2] Egypt lodged complaints April 25 and 26 and requested emergency meeting MAC re Israeli fire across demarcation line at Egyptian posts with heavy weapons on those days.

Egyptian Government decision re informal meeting with Israelis given Embassy office by Riad last night is:

1. Two emergency meetings requested by Egypt must be held before any informal meeting can take place.
2. After MAC meetings Gohar (not Riad) being authorized meet Shalev informally any time.
3. Riad cannot meet with Israelis under pressure such as recent incidents but only after lapse of time during which quiet maintained in Area.

Riad unaware any incident April 24. He said on April 25 Israelis opened fire across DZ with automatic weapons. Egypt replied. Then Israelis started fire with heavy weapons against five Egyptian posts. UN observer obtained cessation Israeli fire on twenty-fifth by appeal higher Israeli military authority. Fact that heavy weapon fire resumed twenty-sixth can only mean according to Riad that use of such fire is Israeli Government policy designed achieve political objective. Only sheer luck there were no Egyptian casualties.

"If use heavy weapons is official Israeli policy" Riad said, "What is the use of our meeting with them?" "What could we say?" "Can we change orders of Israeli Government to its responsible officers to use artillery?"

Egyptians believe Israeli proposal for meeting outlined in reftel designed by-pass UN machinery and that reference to "latest developments" reveals reasons behind latest incidents involving use heavy weapons. [3]

CAFFERY

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[1] Sent to Tel Aviv as telegram 77; repeated to the Department, London, Amman, Baghdad, Beirut, Damascus, Jidda and Jerusalem.

[2] Printed as telegram 1114 from Tel Aviv, Document 810.

[3] In a conversation on May 3 with Eytan, Director General of the Israeli Foreign Ministry, Chargé Russell inquired whether, in view of the fact that emergency meetings of the Mixed Armistice Commission had now been held, the Israeli Government now wished to proceed with a meeting between Gohar and Shalev. Eytan replied that the proposed meeting had been so downgraded from the Israeli Government's original concept and would be so nearly like a regular Mixed Armistice Commission meeting, that Israel was not disposed to press the matter. However, if Gohar wanted to make a specific proposal for a meeting, Shalev would be prepared to attend. (Telegram 1157 from Tel Aviv, May 4, 6 p. m.; 674.84A/5–454) Ambassador Caffery reported on May 6 that Riad was content to let the proposed meeting between Gohar and Shalev drop. (Telegram 1401 from Cairo, May 6, 2 p. m.; 674.84A/5–654)

No. 813

784A.00/4-2954: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, April 29, 1954—6 p. m.

1140. I saw Eytan, Director General Foreign Ministry, at King David Hotel, Jerusalem yesterday at his invitation. He said Sharett had asked him to say IG convinced United States program of arms aid to Iraq will encourage Arab bellicosity. IG realizes United States does not intend have arms used against Israel but that is intention of Iraq as shown by recent statements of its leaders. IG not sure of United States strategy but clear to IG what we are in fact doing is building fragile crust of area defense over rotten center (Israel-Arab tension) and that crust must collapse. By giving arms we are putting off day when Arabs will be willing to make settlements; are, indeed, putting premium on intransigeance since Arabs see they can get arms even if they maintain war-like position toward Israel. This step by United States moreover, puts regional cooperation (e.g., water schemes) in different light and interposes obstacles to IG participation, since IG's desire to cooperate was based on present relative strengths. Does not necessarily mean complete change but must be much heart-searching. Eytan said he had seen reports United States economic aid agreement with Jordan had been drafted to leave out condition of no economic discrimination and Jamali had announced arms were being furnished without conditions attached. IG would be greatly interested to know nature of conditions, if any, under which Iraq is to receive arms.

I told Eytan I understood Israel's concern but was convinced that realistic appraisal of all factors would lead to conclusion United States program was in Israel's interest. I pointed out United States had been concerned over dangers which area faced ever since emergence post-war Soviet expansionist policies; that every effort had been made to evolve plan based on cooperation of all countries in area and many approaches toward this end were considered; that with passage of larger part of decade danger was becoming more apparent and imminent and possibility of Arab-Israel cooperation no greater; continued existence of free way of life, in which Israel has as great a stake as any, requires that whatever steps are possible be taken at this time. I said Turkish-Pakistan agreement had been a most favorable development; that while Iraq, to our common distress, had refused up to present time to move in direction of peace with Israel, at same time it was genuinely and intelligently concerned over dangers from north and prepared to take steps to promote security against them; that in our view it was best to take advantage this latter fact while continuing to do everything possible to promote Israel-Arab peace along whole broad front; that we are convinced it might well prove suicidal for all of us to permit lack of success to date in this latter effort to stand in way of opportunities which are presented to deal with Communist threats in area which have in recent months been increasingly apparent to all and increasingly concrete. I said that no one can minimize unhappiness of present Israel-Arab border situation but at its worst it was preferable to area becoming another Korea or Indochina. I said that as against dangers which Israel feared from program of United States cooperation with Arabs were: (a) United Nations which has established special machinery to deal with problem and which can be strengthened and improved; (b) Tripartite Declaration; (d) United States economic aid to Israel which has accounted for one-third of Israel's imports during last three years, has amounted to approximately $200 per capita as contrasted to approximately $1 per capita to Arab countries, is largest per capita of economic aid to any country and has given Israel very substantial security against Arab economic warfares; and (d) integral provisions which Congress has placed in arms aid legislation and which State Department and other United States agencies have executed with great care to prevent arms being used in way that would negative [*negate*] purposes of program. I said I would query Department on specific nature of guarantees and would report to Eytan any information which I could. I said that, to paraphrase Holmes, if I were Israel, arms to Iraq would give me pause but, having paused, I would pass on to cooperative policy in dealing with area's problems.

RUSSELL

No. 814

684A.86/5-454 Despatch

The Ambassador in Egypt (Caffery) to the Department of State

SECRET CAIRO, May 4, 1954.

No. 2613

Ref: Dept's CA 6175 of April 28, 1954.

Subject: Comments re Measures To Improve Arab-Israeli Border Situations

The following comments are numbered to correspond with the suggested measures listed under section III (B) of the reference instruction.

1. While General Bennike may be considered by the Arabs to be their friend, Colonel Riad has commented to the reporting officer on several occasions recently that "Bennike never talks". Riad was referring specifically to General Bennike's recent visit to Cairo with Colonel Hommel to discuss the March 25 and April 4 incidents in the Gaza Strip and the General's attendance as an observer at the Egyptian-Israeli MAC meetings of April 29. Riad appeared to be disappointed at the General's lack of initiative and forcefulness.

Not only should higher ranking officers of outstanding ability be appointed as Chairman of the MAC's but they should (a) serve for a period of two or three months at UNTSO headquarters in Jerusalem and even have some brief practical experience in the field as observers before assuming the chairmanships and (b) serve for a longer period as chairman. The latter point is assuming increasing importance as the Arab and Israeli members of the MAC's gain experience and become increasingly adept at parliamentary maneuvering.

2. While it is true that old-timers occasionally develop localitis, it is perhaps equally true that short-timers do not have a chance to master the tricks of the trade. It might be risky to shorten the terms of service of observers unless at the same time they are provided with the protection against bamboozlement which UN translators and politico-legal advisers would provide. It should also be noted that the observers provided by other UN members frequently serve for much longer periods than those provided by the US. Perhaps the answer is to decrease the number of US observers.

3. The question of the assignment of expert consultants should be examined closely before being put forward. In the case of experts from the US-Mexican Border Service, hostile critics could make some very crude remarks about their effectiveness in controlling illegal immigration from Mexico while in the case of the British the Egyptians might well take a dim view of their assignment to the Egyptian-Israeli area, at least before an Anglo-Egyptian settlement.

4. Here again the question of assigning politico-legal advisers to each MAC could raise some difficult political questions, particularly if the individuals concerned were great power nationals.

5. Freedom of movement for observers involves the settlement of various other issues such, for example, as the status of the various parties in the demilitarized zones.

6. Improved rules of procedure would be desirable but a great deal could be accomplished under the existing rules if the chairman were better grounded in the subtleties of parliamentary procedure and could thus guide the proceedings with authority.

7. As far as the Arabs are concerned prompt and continuing publicity not only of MAC decisions but of the factual background leading to such decisions would do more than anything to increase the understanding of the UNTSO machinery. It is assumed that such publicity would emanate from UNTSO headquarters in Jerusalem and that the pertinent documentation would be made available on a worldwide basis through UN channels.

8. In the field of equipment there might also be considered floodlights for critical sectors and electrified fences.

9. Publicity regarding incidents and the facts behind MAC decisions would do much to destroy the political and propaganda benefits which the parties now believe are to be derived from the boycotting of meetings.

10. It is doubtful that a mere statement of intent would change the Arab position concerning the definite marking of the demarcation lines. The refugees, in particular, would put little faith in any such statement.

11. In appropriate cases information on punishment of individual violators of the armistice might well be a function of the UN publicity activities envisaged under paragraph seven.

12. The past system might also be extended to permit land transit between Egypt and Jordan.

13. The Egyptian authorities attach great importance to local agreements since the police have generally known their opposite numbers for a considerable period of time and are able to settle many minor incidents which would otherwise clutter up the agenda of the MACs. Reinstatement of local agreements, moreover, would eliminate much of the present competition to see which side can pile up the greatest number of complaints in the MACs.

JEFFERSON CAFFERY

No. 815

684A.86/5-554

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] May 5, 1954.

Subject: Israel Protest Against Certain Passages of Mr. Byroade's Address of May 1;[1] Inquiry regarding Istanbul Conference of American NEA Chiefs of Mission; Inquiry Concerning Possible U.S. Arms Aid to Arab States other than Iraq; Inquiry Concerning U.S. Official Representation in Jerusalem at President Ben Zvie's Reception on National Day.

Participants: Mr. Abba Eban, Ambassador of Israel
Mr. Reuven Shiloah, Minister of Israel
Mr. Henry A. Byroade, Asst. Secretary, NEA
Mr. Parker T. Hart, Director, NE

1. Ambassador Eban stated that on instructions of his government, he wished to express to Mr. Byroade, and later to express to the Secretary of State, the deep concern with which Israel had reacted to Mr. Byroade's May 1 speech [entitled "Facing Realities in Arab-Israel Dispute"].[2] The speech had, in fact, created "a storm of feeling" according to a telegram which the Ambassador had just received from Prime Minister Sharett. The Cabinet had met on the subject of this speech on Sunday and had concluded that it must be regarded as an official statement of United States policy. During the course of the coming week it appeared inevitable that there would be a parliamentary debate on the implications of this and other recent utterances by high officials of the U.S. Government on the subject of U.S.-Israel relations.

Ambassador Eban stated that his government considered the passage on immigration to have the most fundamental and far-reaching implications since it struck at the very basis of Israel's philosophy of existence. Furthermore, the fact that such an intimate discussion of Israel-American relations should have been delivered before a body such as the American Council for Judaism was considered to be particularly unfortunate since the Ambassador knew of no other organization in the United States which dedicated itself against Israel's existence. The main points which concerned Israel so deeply centered around the implication that Israel should change its philosophy and Statutes from the concept that its doors were always open to immigration of Jews from anywhere in the world. This concept could never be changed by any Israel Government and an attack upon it could never accomplish a useful purpose but, on the contrary, was bound to create not only the deepest concern in Israel but also intransigence based on increasing sense of triumph throughout the Arab world. Israel did not believe that Arab fear of her expansion was a basic cause of tension, since there was no early prospect for any large-scale immigration from the Iron Curtain area or elsewhere. Therefore raising this question at this time seemed completely unnecessary since it was based upon an unlikely hypothesis. Israel could hardly understand U.S. objections to her immigration policy since both Israel and the U.S. were countries which had come into existence entirely through a process of immigration. Israel had always felt that it had the blessing of the American people for its immigration policy. As for emigration from the Soviet Union, Israel would continue to hope and pray for such a movement although it realized that the prospects for it were not bright. Should such a movement occur it would have the most profound effects, creating a messianic, irresistible fervor among World Jewry; Israel could not believe that the resulting increase in her population from between one and two million to between three and four million to be a valid cause of alarm by Arab countries.

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[1] The text of Byroade's address of May 1 before the American Council for Judaism at Philadelphia is printed in Department of State *Bulletin*, May 10, 1954, p. 708.

[2] Brackets in the source text.

Israel was also disturbed at the implications of Mr. Byroade's Dayton, Ohio speech of April 9th, [3] now confirmed by his May 1 address, which seemed to question the right of Israel to appeal to World Jewry in all countries for assistance and support.

The Ambassador expressed concern over the fact that during the past year high officials of the U.S. Government had seen fit to criticize almost every important phase of Israel's actions in the public forum. If the purpose of these statements was to create a better feeling toward America by the Arabs, he felt obliged to express the view that the actual result would be to increase Arab determination to press forward in its intrasigent attitude toward Israel. In this connection, Israel felt that the passage in Mr. Byroade's speech asserting there was no early possibility for peace between Israel and the Arab states was unfortunate since it would vindicate Arab insistence on a policy of "no peace". It would be better not to discard publicly the principle of final peace even though it was clear—and Israel concurred in the U.S. estimate on this point—that early conclusion of peace was not foreseeable.

Israel also regretted the passage on compensation since it implied that the Israel Government intended no action in this regard.

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[3] For the text of Byroade's speech before the Dayton World Affairs Council on Apr. 9, see Department of State *Bulletin*, Apr. 26, 1954, p. 628.

Minister Shiloah entered the conversation to state that Mr. Byroade's speech implied that the U.S. Government had sought through diplomatic channels over a long period of time to obtain constructive steps by Israel and had been met with persistent refusal, with the result that finally it felt constrained to air the matter in public. Actually, Israel had initiated dozens of moves of a conciliatory nature toward the Arabs. It had for instance, suggested non-aggression pacts and these had been rejected. Ambassador Eban pointed out that the Israel Government had taken a policy decision to pay compensation before the German Restitution Agreement was concluded.

Mr. Byroade replied that he regretted very much that the Israel Government seemed to have ignored the principal point in the passage of his speech to which it took strongest exception, namely that there was a real fear of Israeli expansion. He disagreed with Ambassador Eban's statement that this was not fundamental in the generation of tensions between Israel and her neighbors. Mr. Byroade was convinced, on the basis of unanimous advice from Chiefs of Mission in the Near East over a long period of time and from his own observations, that this fear was real and dangerous. He regretted that the Israel Government had mistakenly interpreted his speech as proposing a specific line of action to remedy this fear, such as changing Israel's statutes. He had proposed no specific line of action and would not presume to do so. He had posed the problem and stated that wise statesmanship could find a way to relieve it. The American people had a right to be informed of the fundamental causes of tension in the Middle East which affected their security, and this was certainly one of them. He could not understand how the Israel Government could regard discussion of it as an "unjustified interference in the internal affairs of Israel, which are her own concern, and hers only, and a matter of her own sovereign judgment". At present, the U.S. Government with Britain and France, with greatly extended commitments elsewhere, were facing this problem alone. They needed the help of Israel itself.

Ambassador Eban insisted that the implications of the speech to most readers would be that Israel should change her laws and her basic concept of return. Since the matter had been aired publicly in this fashion, Israel would be forced to give her own public reply which could only be that the principle of return was unchangeable.

Mr. Byroade replied that he would regret seeing this done since it might well increase in America an impression of cleavage between American and Israeli viewpoints regarding the nature of tensions in the Near East and their possible remedies. He had regretted being obliged to use the American Council for Judaism as a forum for this speech for one reason: that as a result, Israel might not take his views seriously. However, he had been forced to make certain points as the result of Israeli criticism of his Dayton speech. Now he was disappointed to see that the Israeli press made no mention of such balancing provisions of his latest address as that which warned the Arabs that they may as well know now that the United States cannot accept as a price for their friendship the abandonment of pursuit of better relations between them and Israel. Nor had the Israeli press or Government mentioned his remarks on Arab negativism concerning which sharp criticism had already been noted in the Arab press. Ambassador Eban responded that the strong emotion aroused in Israel by the already discussed passage of Mr. Byroade's speech had apparently obscured these items.

2. Ambassador Eban inquired whether any matters of policy regarding Israel would be considered at the forthcoming Istanbul Conference.[4] Mr. Byroade replied that this conference was supposed to be an annual affair of our Middle East Ambassadors but had been omitted last year due to the Secretary's and Mr. Byroade's tour in the area. Its purpose was to permit intimate discussion of U.S. problems with the objective of sharing opinions and impressions on policy matters.

3. Ambassador Eban inquired whether there was any truth in the unpleasant rumor that the U.S. Government might be considering the extension of arms aid to Arab states other than Iraq. Mr. Byroade replied that while he could give no assurances regarding the future there were no policy discussions on the point proceeding at this time. This was one matter that might be considered at Istanbul.

4. Ambassador Eban indicated that most Chiefs of Mission at Tel Aviv were apparently planning to attend the President's reception at Jerusalem on Israel's National Day. The Israel Government had the impression that the U.S. would send representatives but not the Acting Chief of Mission. If this was so, he regretted that the U.S. Government should take a position conspicuously behind others in this aspect of the Jerusalem problem. Mr. Byroade replied that he would have to consult his staff on this matter, since he was not fully informed on the status of our plans.

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[4] The Conference of the U.S. Chiefs of Mission in the Near East area was held at Istanbul on May 11-14, 1954; for the agreed conclusions of the Conference on the Arab-Israeli situation, see Document 824.

No. 816

684A.86/5-554

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State

[WASHINGTON,] May 5, 1954.

Knowing your schedule is so crowded with other things, I still recommend you read the attached speech of mine (Tab A), [1] delivered on May 1st, at your earliest convenience.

Needless to say, it was a cause of concern to me that it was not possible for me to go over the text with you personally. The Israeli press had so greatly distorted my Dayton speech [2] that I felt impelled to set the records straight even though I knew an attempt to do that would, itself, be criticized. I also felt that this situation is becoming so serious that the American people have a right to know some of the things that are behind the daily headlines of raids and border frictions.

The Israeli press has ignored everything constructive in the speech and concentrated in a bitter attack on what I said about immigration into Israel. Not a single paper there has quoted me correctly on this subject. They have officially protested to our Government amid considerable publicity. The attached article (Tab B) [3] in the *New York Times* is one example. I discussed with Murphy the fact that some response was necessary and the attached (Tab C) [4] was handed out today. This format was used as I saw no reason to attempt involving you in this matter on your first day back from Geneva.

I feel the points in the attached speech needed to be said but do not believe we can evaluate the results for perhaps a month or two. In this period of aroused comment, I think you should weigh carefully whether another speech on this subject should be made by you as suggested by the President. Such a speech could be highly beneficial here at home. My own speeches have caused, however, a minor sensation in the Middle East out of all proportion to my rank or significance. These speeches have been debated by Parliaments and Cabinets of almost every country amid great publicity. I should like to think about it some more but it may be that the traffic would not bear another speech in the immediate future regardless of its contents.

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[1] Not printed, but see footnote 1, *supra*.

[2] Regarding Byroade's speech of Apr. 9 at Dayton, see footnote 3, *supra*.

[3] Not printed.

[4] Tab C was Department of State Press Release 231, May 5, not printed, describing Eban's call on Byroade that day.

I am going to furnish you a brief synopsis of the reactions in the area to my two speeches. If you do decide to speak this will allow you to chart with precision the effects of what you will say. It is impossible to make a speech on this subject without severe criticism regardless of the care used in wording because of the delicate innuendos surrounding each aspect of the problem. It is partly for this reason that I felt it well to have someone of lesser rank than yourself talk first about some of the fundamentals of the Arab-Israeli problem.[5]

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[5] Marginal notation by Byroade: "PS. The Vice President told me last nite at the airport he thought my speech was all right. B."

No. 817

684A.85/5-754: Telegram

The Chargé in the United Kingdom (Butterworth) to the Department of State[1]

CONFIDENTIAL LONDON, May 7, 1954—7 p. m.

4987. With Eden's approval, Foreign Office has instructed Washington and Paris to propose to US and French Governments that approach be made to Jordan in near future along lines mentioned Embtel 4636, April 21. In spite of possibility French support may not be forthcoming, British are hopeful that it will and in any event think US and UK should approach HKJ. Doke, newly appointed British Ambassador, arrives Amman early next week and will discuss proposal with his American and French colleagues as soon as possible (we suggested Mallory may be absent at Istanbul conference, to which Foreign Office replied matter could await Mallory's return).

Foreign Office believes no indication should be given to Israelis, or anyone else, including UN, at this time that HKJ being approached but in accordance with so-called "Trieste procedure" idea would be for three powers next talk Israelis, assuming approach to Jordan fruitful. Basis of approach would be suggestions for improving armistice machinery substantially along lines Section III B of enclosure to Department's CA-6175, April 28, with exception of item 1 (new chief of staff) which British do not favor raising at present.

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[1] Repeated to Paris, Tel Aviv, and Amman.

BUTTERWORTH

No. 818

120.280/5-854: Telegram

The Chargé in Israel (White) to the Department of State [1]

SECRET TEL AVIV, May 8, 1954—5 p. m.

1170. Following comments submitted section III B Department's CA-6175, April 28.

Believe Department may desire consider whether any extensive time lag between submission proposals Amman and Israel is desirable. While initial submission Amman understandable in view Jordanian suspicions, Israeli Government, in view British special position in Jordan and recent events US-Israel relations, will tend to be extremely suspicious proposals presented only after extensive discussions Amman. Secondly, Israeli intelligence system Arab States so extensive it should be assumed that discussions Amman will soon be known to Israeli Government. Suggest, therefore, consideration advisability initial presentation proposal Amman followed by similar presentation here second or third day following. (London's telegram 4987). [2]

Embassy concurs in following numbered paragraphs section III B: 3, 4, 5, 6, 9, 10, 12, 13.

Following suggestions made other paragraphs:

(1) Although replacement Bennike not immediate necessity, believe Department should not abandon objective finding chief of staff with outstanding prestige, leadership and warmth of personality.

(3) Believe that the same care and criteria used selection observers as Department uses in its own selections for sensitive assignments, term of service would not have to be shortened. Residence in frontier villages for observers not practicable but it is feasible locate quarters Hadera for portion Israel-Jordan border; adequate quarters available Tiberias and soon will be Beersheba if subsequently decided to apply same approach to Syrian and Egyptian borders. In order avoid question US dominance, if American Chief of Staff ultimately selected, most if not all MAC chairmen should be other nationalities. Recommend consideration use Government House as residence Chief of Staff. This neutral territory and would

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[1] Repeated to London, Paris, and Amman.

[2] *Supra.*

give opportunity bring together both parties on informal, social basis.

(7) Publicity will be most effective if given immediately after incident. Recommend, therefore, that Chief of Staff be authorized to issue his own statements specific cases without referral UNSYG.

(8) These suggestions appear feasible with possible exception use helicopters. This would get UNTSO into patroling activities which might constitute first step general UN responsibility policing entire border.

(11) Believe notification to MAC should include all types of information re efforts made by parties in case violations. Suggest also that UNTSO have authority to observe and issue reports effectiveness operations under local commanders agreement.

WHITE

No. 819

684A.86/5-1054: Telegram

The Acting Consul at Jerusalem (Williams) to the Department of State [1]

SECRET JERUSALEM, May 10, 1954—8 p. m.

170. Re Department's CA-6175 April 28 discussions with UK about Israel-Jordan border situation, Consulate General desires make following comment on points listed under Section III (B):

a. Points 2, 4, 5, 7, 8, 9, 11, and 13 are believed to be important, feasible and should prove very useful. No comment.

b. With reference to point 1, it is believed that the removal of General Bennike (who only arrived in August 1953) at any time in the near future, no matter how explained, would be considered by Arabs as evidence of Jewish (Zionist) pressure and by Israelis as diplomatic victory. Consulate General questions whether automatic respect for UNTSO Chief of Staff could be expected, even for figure of world renown. Past prestige hardly sufficient to forestall attacks on individual's impartiality when one side or other takes exception to an unfavorable decision. There is advantage to US in not having chief of staff a national due to tendency both aids blame adverse decisions on great power interference. Appointment higher-ranking officers as chairmen MACs need be no higher than ranking observer; character, ability, last training (especially legal or judicial), courage and stamina are important attributes. A tour of duty as an observer is useful to any MAC chairman.

c. Consulate General believes both Israelis and Jordanians might resent being advised how to control infiltration and crimes on administrative level by foreigners unfamiliar with area, language, or problem. (Item 3) Both sides consider themselves adept at police investigation. Integration at local commander level seems more important. Jordanian police are part of Arab Legion and police commanders are primarily legion officers some of whom already have British police training. British technicians might prove unacceptable to Israelis view Jordan-UK treaty relationship.

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[1] Repeated to London and Paris.

d. Under Item 6 chairman should also have authority to refuse to entertain complaints he feels are appropriate concern local commanders thus elevating importance local commander meetings and stopping MAC agency from becoming clogged.

e. If the problems involved in obtaining Jordan acceptance to a delineation of implication attaching that it is a permanent frontier with Israel could be solved, the British proposal that "minor rectifications of the armistice line to reunite villages and farms with their lands and water supplies" should be made an integral part of Item 10.

f. As much of the traffic mentioned in Item 12 is contraband Consulate General doubts the real effectiveness of the convoys proposed and questions the statement that this illegal traffic "generally may be innocent in motive". On other hand, such convoys, if established, would be impressive evidence of UN interest.

Pouched Tel Aviv, Arab Capitals.

WILLIAMS

No. 820

684A.86/5-1054 Despatch

The Chargé in Jordan (Geren) to the Department of State

SECRET AMMAN, May 10, 1954.

No. 385

Ref: CA-6175 of April 28, 1954

Subject: Comment on Measures to Improve Arab-Israeli Border Situation

The following comments, numbered to correspond with the suggested measures listed under Section III B, are submitted in response to the communication cited above which was received on May 8.

1. The Embassy believes it would not be wise to appoint a new chief of staff at the present time. Any American who held this position would have the disadvantage among the Arabs of their recollection of what they considered as General Riley's favoritism to the Israelis. Furthermore, reputations earned in the US or in the West generally are not automatically recognized in the Near East. The fact that a general is world famous does not "force" an Arab to respect him. While the relationship between the officer and the effectiveness of the office is not denied, the Embassy believes it more

important to reassert rights and powers of the UNTSO machinery than it is to replace the present incumbent.

There is no objection to the appointment of higher ranking officers to the MAC and observer corps but a comment affecting chairmen is included in 6. below.

2. The Embassy believes that the period of service of observers should not be reduced. Inexperience in an observer is even more dangerous than localitis.

3. Assignment of experts from the US–Mexico border service does not impress the Embassy as a good idea. The border situation between Israel and the Arab states presents few parallels with the US-Mexican border. Specialization to the Arab-Israeli border troubles comes only with on-the-job training.

4. The Embassy approves the assignment of translators and political legal advisers.

5. The recognition in practice between parties that the observers have freedom of movement and investigation is fundamental to the effectiveness of the UNTSO. The most flagrant violations of this right seem to arise in the DZ's and on Mount Scopus. The Embassy impression is that Israel more frequently violates this right than do the Arab states.

6. The adoption of new rules of procedure in the MAC's is also fundamental. The chairman should have the right to introduce resolutions and to initiate investigation. In addition, the Embassy suggests the following changed constitution of the MAC's in keeping with suggestions made by Commander Hutchinson: Instead of the several Mixed Armistice Commissions, each with a chairman, it is proposed that there be named a senior UN observer for each of the combinations, Israeli-Lebanon, Israeli-Syrian, Israeli-Jordan, and Israeli-Egypt. This senior observer, together with the observers assigned to him and the principal delegates from the two parties, would constitute a committee to deal with all but the major complaints. The Embassy appreciates the necessity of defining what is a "major" complaint but believes this can be done realistically. This group would save the log jam of little complaints which now collect and would also prevent the parties, principally the Israelis, from piling up their complaints for their statistical effect. The major complaints would be heard by a supreme Mixed Armistice Commission which would, like the present commissions, be composed of representatives of the two parties and a chairman from the UNTSO as the presiding officer. This chairman would be either the Chief of Staff of UNTSO or any one of the senior observers. Together these five would constitute a kind of supreme court bench from which a chairman might be drawn. The chairman in any major case would not be announced in advance. The effects of such

an arrangement would be that the parties could not bring pressures to bear on a committee chairman prior to his hearing of a major case. This would eliminate some of the victimizing by pressure to which Colonel De Ridder and more recently Commander Hutchinson have been subject. Moreover, the group of five possible chairmen would be stronger than any one of them alone. The chairman would be selected only after a group discussion including the five in which they consulted specifically on the case in hand. The combined wisdom of the group could save mistakes of the kind made by the present chairmen acting singly. An example of such a mistake has been submitted by Embassy Damascus in the case of the right of Syrians to water their herds on the eastern shore of Lake Tiberias.

7. Prompt and continuing publicity is desirable. Releases should be fuller in background than those now made and should emanate officially from the UN so that newspapers all over the world may have the official story. In particular, releases should not be confined to MAC decision but should include the findings as they are made.

8. Increased equipment for observers seems indicated. Helicopters may be useful but identification, which is often the core of the problem, will not always be facilitated by helicopters.

9. The parties should accept their obligation to attend MAC and other meetings considered appropriate by UN officers and this should begin at the bottom and go up. That is, the local commanders meetings should be faithfully attended, Israel should rejoin the Jordan-Israeli MAC and from there the pressure should be exerted on Jordan to attend any other meetings which may be necessary. In fact, the Mixed Armistice Commissions when reconstituted along the lines advocated in 6. above may well be the long-sought device to bring Israel and Jordan together for higher level talks than they have yet experienced in the MAC. With the Chief of Staff, UNTSO, as the chairman in the most important cases, then the level of Jordanian-Israeli representation could be raised. This raising of the level of representation together with the right of the chairman to introduce resolutions and embark on investigations might well result in bringing the parties together at a high level to discuss the reduction of border tension.

10. The demarcation line should be delineated and this should be the work of UN engineers throughout, never the work of the parties. As noted in the airgram cited as reference, the Jordanians will need to be assured and reassured that final boundary determinations will come only with a peace settlement.

11. The Embassy sees no realistic means of making sure that the parties actually punish infiltrators even though they were persuad-

ed to indicate that they planned to punish them. Furthermore, it would seem that Israel could hardly punish its armed forces for raids carried out presumably under orders from senior commanders. Jordan has offered evidence of its efforts to stop infiltration. General Glubb recently told Ambassador Mallory that the jails in Jordan hold a large number of infiltrators and would-be infiltrators who have been apprehended, and that the present effort represents the limit of Jordan capabilities in this regard.

12. The issuance of passes for the movement of Arabs from the Gaza strip to Jordan and as proposed in Cairo's 2613 of May 4 land transit between Egypt and Jordan is definitely desirable.

13. The Embassy heartily advocates reinstitution of local commanders agreements.

A basic weakness of the MAC, as in any UN machinery, is the lack of teeth to enforce decisions. If the Tripartite powers would follow up every MAC decision by bringing immediate pressure to bear on the offending state, there would be greater respect for such decisions. The Tripartite *démarches* and in particular the suspension of aid to Israel by the US in the Baanat Yacov case is an illustration of the effectiveness—and difficulty—of Tripartite teeth for UNTSO's decisions. Perhaps nothing so dramatic as the suspension of aid could be found for all of the "major" cases. Nevertheless, it is imperative to bring such pressures as will compel respect for the decisions.[3]

PAUL GEREN

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[3] Similarly detailed replies to CA-6175 of Apr. 28 were subsequently sent by Baghdad (despatch 821, May 28; 684A.86/5-2854) and Dasmascus (despatch 673, June 10; 684A.86/6-1054), neither printed.

No. 821

684A.86/5-1154: Telegram

The Secretary of State to the Consulate General at Istanbul[1]

SECRET PRIORITY WASHINGTON, May 11, 1954—3:54 p. m.

1018. For Byroade. Re measures improve Israel–Jordan border situation:

1. UK Embassy has informed Department Foreign Office has approved at highest level substance "measures" proposed Department CA-6175 April 28. Foreign Office proposes, in order facilitate early

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[1] Sent also to New York priority, Amman, and Tel Aviv; repeated to London and Paris.

acceptance by Jordan of measures for reenforcing GAA and UNTSO, that US, UK and France informally approach Jordan Government near future without awaiting final Security Council action. Approach would take form discussion with Jordanians of "measures" 2-13 of reference airgram to elicit Jordanians' support and seek their views.

2. We are informing British Embassy Department agrees their suggested approach to Jordanians but believes measures to improve border situation can best be developed, and coordinated in Security Council, under UK aegis; and that we therefore urge they agree that Dixon take *rapporteur* role (under our proposed Tripartite UN Resolution) at least during remainder his SC Presidency. We convinced importance this coordination since "measures" in our view likely to be substance of *rapporteur's* efforts and report to SC. Our intention is not to hamper UN consideration border problem but rather facilitate constructive action by seeking Jordanian and thereafter Israel concurrence in measures which we anticipate will in due course be proposed by *rapporteur*. (We do not anticipate that *rapporteur* would propose such of the measures as would be most effective if carried out without publicity.)

3. In Department's (and UK) view approach should be made to Jordan first because prior acceptance suggestions by Israel would probably cause Jordan refuse consideration, whereas reverse is not necessarily the case. Department also concurs UK view no indication should be given to Israelis, or UN, that Jordan being approached, since news leak might preclude Jordanian acceptance suggestions.

4. Since formal three Power approach might attract public notice, Department believes it best have UK Ambassador speak to Jordanians in name three Powers, with US and French Missions informally confirming that UK Ambassador is acting for them. Alternatively, dinner might be arranged with three Ambassadors present at which Prime Minister could be informed of three Power's tentative proposals. Approach in either case would involve discussing with Jordanians "measures" 2-13 set forth CA-6175, and attempting elicit their views and support. UK may discuss feasibility these suggestions with Glubb before approaching Government.

5. Approach to Israelis should follow soon as possible after eliciting Jordanian views.

6. French have expressed reservations re advisability proposed direct approach. Department informing French Embassy we would prefer have them join us in proposed action but feel situation requires we go ahead with UK in any event.

7. Any conversations with UN on measures affecting assistance to UNTSO should await outcome talks with Jordan and Israel.

DULLES

No. 822

684A.86/5-1254

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] May 12, 1954.

Subject: Developing Seriousness of Arab–Israel Tensions.

Participants: Mr. Jacob Blaustein, President of the American Jewish Committee
John Foster Dulles, Secretary of State
Parker T. Hart, Director, NE

Mr. Blaustein introduced himself to the Secretary as a non-Zionist who has helped Israel, President of the American Jewish Committee and head of Amoco (oil company). He wished the Secretary to know that he had had a talk with the President and that it was the President's suggestion that he call on the Secretary. Normally, he would not have requested such an interview without first consulting Mr. Byroade, now at Istanbul. He had been a strong supporter of the Administration's policy in the Near East but he wished to express his apprehension that the "impartial policy" was going a little far in certain respects. The Secretary had himself sought peace between Israel and the Arab states during his last year's visit to the Near East and had discovered that this could not be brought about at that time. However, he hoped that the U.S. Government would not play down the concept of peace but unremittingly seek it by every means, since he felt that the tensions between Israel and the Arab states were now greater than ever before. He did not agree with the Israel reaction to Mr. Byroade's recent speeches and had so informed the Israel Embassy. The Israelis were prone to find fault with an entire address which contained five good points but also one which they did not like. Nevertheless, Mr. Blaustein was concerned that our arms aid to Iraq, plus the tenor of recent statements by the Administration, were giving rise to a cocksureness and intransigence among the Arab countries. He felt that he knew the Arabs well enough to be sure that you could not afford to give them too much encouragement. Arms to Iraq, he felt sure, would encourage Arab intransigence and it was more likely that these arms would be used against Israel, or even ultimately against the United States, than that they would be used in effective defense against a Soviet threat. Furthermore, this policy was making Sharett's position very difficult with his own people and government. Sharett was a moderate and we needed "to hold his hand".

The Secretary replied that we were not yet fully committed to furnish specific weapons to Iraq. A military team would have to pass on Iraqi requirements and we would have plenty of time to take "second looks" at the situation as we went along. There was more in this Iraq picture than met the eye. Leading Mr. Blaustein to the illuminated globe in his office, the Secretary set forth his concept of defense of the "northern tier", into which he hoped Iraq would some day fit. This was for Mr. Blaustein's information and not to be repeated. He realized that Mr. Sharett was in a difficult position because the United States could not furnish him the information required to enable him to make a satisfactory explanation of this concept to the Israeli people. However, the concept was definitely in Israel's interest as well as in the interest of the United States. In developing Middle East defense and reducing tensions between Israel and the Arab states, we might follow "the Trieste formula" of talking individually and secretly to both sides in order to find the bases for some settlement. Mr. Byroade was now in Istanbul obtaining impressions from our Chiefs of Mission in the area regarding the inner currents of political feeling and he was looking forward to hearing his report.

Mr. Blaustein emphasized his high respect for Mr. Byroade, whom he regarded as scrupulously honest and extremely diligent in attempting to find a solution for the Arab-Israel quarrel. However, everyone could make mistakes and he again implored the Secretary to send no arms to Iraq. The Secretary again responded that we were not yet fully committed and could take repeated looks at the situation as we went along.

Note: Following the meeting, Mr. Blaustein indicated his desire to confer with Mr. Byroade as soon as possible after the latter's return from Istanbul in order to exchange views respecting Arab-Israel tensions.

No. 823

611.84A/5-1354

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] May 13, 1954.

Subject: American-Israel Relations.

Participants: Ambassador Abba Eban of Israel
Mr. Reuven Shiloah, Minister of Israel
Mr. John Foster Dulles, Secretary of State
Mr. Parker T. Hart, Director, NE

Ambassador Eban expressed his appreciation that the Secretary had spared time from very critical world problems such as Indo-China to receive him. However, because the general international situation was so serious, it seemed particularly desirable that "unnecessary quarrels" be avoided. In this connection there was a cloud over United States-Israel relations which had resulted from two main developments: (1) certain policy statements by the U.S. Government and (2) the security situation in the Near East as it relates to Israel. The Ambassador did not wish to bring personalities into this question as he had already made known the views of his government to Mr. Byroade. First among the policy statements was that given at Dayton, Ohio [Mr. Byroade's speech of April 9, 1954 before the Dayton World Affairs Council].[1] While this address achieved a certain balance in distributing blame for current Near Eastern tensions between the Arab states and Israel, certain phrases reverberated unfortunately in Israel, such as that which asked Israel to cease "behaving like a conqueror". Diplomatic tradition, for good reason, had made the avoidance of such phrases desirable. At the same time, the address did not advise the Arabs to avoid raiding Israel. More important in this address was the first negative reference by the U.S. Government to relations between Israel and those people throughtout the rest of the world who shared her traditions. This reference wounded the feelings of millions outside Israel and hundreds of thousands within that country. A fabric of innumerable relationships has been woven by history between Jews around the world and the concept of Zion, now finally rendered tangible by the re-creation of Israel. The Ambassador felt therefore that this negative reference showed a certain lack of scholarship and of sensitivity. In any case, the Israel press had expressed a disquieting reaction using such phrases as: "U.S. Threatens Israel". The Secretary might well reply that these were not mature interpretations of what had been said—that they were distortions. If he were to say this, the Ambassador would agree. Nevertheless, these distortions were a political fact which invited concern.

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[1] Brackets throughout this document appear in the source text.

The second policy statement to which the Ambassador referred was the speech made at Philadelphia [by Byroade on May 1, 1954 before the American Council for Judaism] where the platform was certainly not one on which a discussion of American friendship for Israel was congenial. The same themes of the Dayton speech were pursued, but Israel's objections to this address were more substantive:

(1) The speech, in making reference to the impossibility of early peace between Israel and her neighbors, would have the effect of convincing the Arabs that their vehement rejection of peace was now winning acceptance. Israel hoped that we would not abandon the peace slogan because of the obstacles which existed in the path of peace.

(2) The address referred to the matter of compensation and non-aggression pacts in a manner which gave a false impression of Israel's intentions. Israel had long since made a known decision to offer compensation without calling for concessions from the Arab side and she had repeatedly offered non-aggression pacts which had been rejected.

(3) More important, this speech for the first time made a reference to Israel's laws on immigration. This reference created an emotional outburst in Israel which can only be understood if one remembers the Jewish wartime experience with the British Mandate. When the Nazi holocaust against Jewry was in progress, the Jews had "no key to a door" which they could open for their people. This caused their break with the Mandate Government. Today, however, immigration was not an actual problem and it seemed entirely unnecessary to raise a theoretical issue. Israel had obtained 400,000 people from behind the Iron Curtain, a unique transfer of people from Communism to the free world and therefore a real achievement. If the Iron Curtain should open to permit the exit of the remainder of Eastern European Jewry, the movement of these people toward Israel would be greeted with messianic fervor. The Middle East would be better off as a result, for these people would be true anti-Communists. Such immigration would therefore be not a disaster but a blessing. However, it did not seem likely that it would take place.

In general, Israel was confronted by this situation: she cherished the United States as the sheet anchor of her very life, yet she had heard herself discussed publicly in such a critical vein on several occasions that it appeared that Israel could do nothing right in American eyes. The corrections which the Department furnished after the second policy address [Press Release No. 231 of May 5, 1954] had not been sufficient to overcome an unfortunate public impression in Israel.

The second main factor which cast a cloud over U.S.–Israel relations was the publication of a military aid agreement between the United States and Iraq which, coming at a time when Arab hostility to Israel was at its height, served to confirm the impression which the Ambassador had just discussed. Here was an agreement which created a more intimate relationship between Iraq and the United States than that which existed between Israel and the United States. The result of all of these factors was not healthy for U.S.–Israel relations and had generated a feeling within Israel of extreme isolation. This feeling of isolation tended to give strength to those who believed in measures of self-reliance rather than reliance on international friendships and rendered difficult the general acceptance of moderate counsels. As the Ambassador hoped and believed that Israeli public impressions of America's attitude were distorted, he wished to pose the question whether anything could be done to correct them.

The Secretary replied that it was clear that the Israeli press, as the Ambassador had remarked, had drawn other interpretations than those which had been intended. He had himself experienced a similar occurrence yesterday when the French press misinterpreted a remark which he had made by headlines such as: "U.S. Abandons Indo-China". The press always seemed to seek out the most disturbing elements of a public address and feature them. On the other hand, in our form of representative government, it was at times necessary to speak frankly in order to explain things to one's own people. The Ambassador must know, and his Government must know, that there was no weakening in the historic friendship between Israel and the United States. There might be suitable occasions to again speak publicly on this matter. However, this was a sensitive topic and likely to be distorted, it might not lend itself well to further public discussion at this time. As in the case of American relations with many countries, it was frequently desirable that misapprehensions be removed regarding U.S. intentions and purposes. The necessity of removing such misapprehensions sometimes created a real problem in our relations. The present incident, which unfortunately touched Israel most closely, was part of the fabric of recent developments which made the conduct of the unruffled relations a difficult task.

With respect to the U.S. Military Agreement with Iraq, the Secretary could only say that it was his belief that when the final chapter to this topic was written, it would be found to be in the best interest of Israel. He would not undertake to explain why this was so, but requested the Government of Israel to accept it on faith. He did not, of course, criticize the Israel public for misinterpreting this important step. He wished to assure the Ambassador, however, that he had looked into this situation personally and closely and that he was satisfied that at the worst it would not hurt, and, at the best, it might help Israel's relations with her neighbors.

Referring to the Ambassador's comment regarding peace as an objective, the Secretary had not abandoned efforts to work out a formula for peace and agreed with the Ambassador that such efforts should continue. If, as the Ambassador said, sober counsels in Israel were to prevail and Israel had some thoughts along this line, he would be glad to receive them. He was considering "the Trieste method" as a means of making progress in this dispute. The "Trieste Method" consisted of independent exploration on each side of a controversy where emotion between the disputants seemed to rule out direct talks. The Secretary wished the Ambassador to be assured that his concern over Indo-China did not rule out his readiness to talk with him regarding any practical methods of relaxing tensions.

Ambassador Eban replied that he would report the Secretary's comments to his Government. He wished to leave with the Secretary only one final thought, which was that since the unfortunate impressions to which he made reference were public impressions, it would be desirable to do something publicly to give a reassurance. The Secretary responded that he did not exclude that possibility.

Ambassador Eban referred to Israel's efforts in the UN toward peace which had been frustrated most recently by Jordan's refusal to give necessary assurances of willingness to settle matters by peaceful means. The Secretary asked whether the Ambassador felt the Arab countries were being much encouraged by the Soviet veto. Ambassador Eban replied that they seemed to be encouraged in the belief that they could use the United Nations as a platform to abuse Israel. During the past year and a quarter the United States had been giving attention to greater friendship with the Arab states in the hope that they would prove more responsive to its views. The results were disappointing, as the Arab countries were not more responsive to U.S. views but less so, particularly as compared with their attitude in 1950 and 1951. Psychologically, they had retreated. Israel would exercise its ingenuity in procedures but feared that the Arabs would not agree to confer with her under any circumstances. Israel did not wish to obstruct the possibility of talks by being too formal, by insisting on a discussion of peace terms. It was prepared to undertake discussions on interim and partial settlement of specific problems. As regards arms aid to Iraq the Ambassador assured the Secretary that Israel never believed that the United States intended to increase hostility in the Near East by such a measure. "We believe", he said, "in the good will of the donor but question the good will of the recipient."

The Secretary replied that Iraq had received no arms as yet and that he was watching this situation very carefully.

Note: As Ambassador Eban, Minister Shiloah and Mr. Hart were approaching the Reception Room after leaving the Secretary's Office, the Ambassador noted a few newsmen waiting for him. Turning to Mr. Hart, he said: "These fellows always create a problem for me; do you think it would in order if I were to state that it would be wrong to assume that there had been any diminution in friendship between Israel and the United States?" Mr. Hart replied that such a statement on its own was certainly true and would be quite proper to give out; it was possible, of course, that the reporters might seek to draw inferences of a more specific nature. The Ambassador rejoined that he would not elaborate on such a statement nor go into details.

No. 824

120.4382/5-1454

Paper Approved by the Chiefs of Mission Conference at Istanbul, May 11-14, 1954 [1]

TOP SECRET

ISTANBUL, May 14, 1954.

CONFERENCE CONCLUSIONS ON THE DANGER OF ARAB-ISRAELI TENSIONS AND RECOMMENDED LINE OF US ACTION

1. The Conference received with concern reports from the chiefs of mission in the Arab states and Israel regarding increasing tension on the Arab-Israel frontiers and the danger that the Soviet Union might be able to turn this situation to its advantage. Generally speaking it was agreed that, although the Soviet Union has been stepping up its activity in the Near East and making noticeable progress, the United States has been keeping pace except in Jordan and Syria by following a vigorous policy of its own. However, this situation could be changed radically and suddenly if a point were reached where the Soviet Union should seek to profit by a deterioration in the Arab-Israel difficulty by coming out openly as the champion of the Arabs. Means should therefore be found to al-

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[1] Regarding the Conference of the U.S. Chiefs of Mission in the Near East area held at Istanbul, May 11-14, 1954, see Documents 210-212. This paper appeared as Annex B to the summary record of the conference.

leviate existing tension, not only because of the seriousness of the problem per se, but also in order to preclude the danger of loss of the Near East by the West.

2. In examining the nature of present intensified difficulties on the Arab-Israel frontier, the Conference noted that there is, on the Arab side, a persistence of small scale but irritating troubles resulting from the acts of individuals and small groups acting on their own responsibility, and, on the part of the Israel Government, a deliberate policy of reprisals. Apparently impatient at the failure of their efforts to bring about a favorable settlement with neighboring Arab states (and imbued with a spirit of the end justifying the means), an increasing number of Israelis appear to have concluded that matters would have to be made worse before they become better and to have adopted policies in accord with that conclusion. Furthermore, there is always the danger that present tactics could develop more seriously than intended and that more extreme elements might come into power. In that event, the Near East would be thrown into turmoil to the detriment of vital American interests, i.e., political, strategic, oil.

3. A clear-cut peace between the Arab states and Israel would be in the American interest and it should continue to be our ultimate objective. The Conference believed that it would be unrealistic to base our policy on hope of the realization of such a peace settlement in the early future and that the most practical approach would be to seek progress under a *modus vivendi*. It is not a question of one side desiring peace and the other harboring hostile designs but rather a matter of presently irreconcilable basic attitudes.

4. Since early peace is not to be foreseen, the Conference turned its attention to means which might be taken to alleviate present tensions. In the first place it was their view that strong measures should be taken to strengthen the machinery for the enforcement of the armistice agreements and note was taken of certain details in this connection which are currently under discussion. However, the Conference found that such measures, necessary as they might be, would fall short of meeting the basic difficulty and that, if danger was to be obviated, the American Government should take additional measures commensurate in scope and firmness with the seriousness of the problem.

5. Turning to such additional measures the Conference recommended that, in order (a) to deter Israel from embarking upon aggression as a preventive measure while she still has military superiority, (b) to allay the fears of Israel with respect to the possibility of Arab aggression following a program of arms aid to the Arab countries, and (c) to deter the Arab countries from giving serious

consideration to aggressive actions against Israel following the receipt of arms, the United States in conjunction with Britain (and possibly France) should consider the development of plans along the following lines:

(1) Discontinuance governmental aid to the aggressor state.

(2) Placing an embargo on trade between the United States and the aggressor state.

(3) Preventing the transfer of funds from any source in the United States to the aggressor state directly or indirectly.

(4) Recommending to other countries similar measures pursuant to a UN decision or the Tripartite Declaration.

(5) Establishing a naval blockade of the aggressor state by the US, the UK and France.

(6) The use by the three powers of armed forces, pursuant to the Tripartite Declaration of May, 1950, to effect a restoration of the present armistice lines in the event of successful aggression before action of the three powers could have its effect.

The orders and extent to which the above actions would be taken would depend upon the nature of the aggression and the urgency of the situation.

Upon determination of the steps which the United States would be prepared to take, alone or with the British and possibly French, consideration should be given to the desirability of making such decisions public either in whole or in part, bearing in mind that much of the effectiveness of such decisions as a deterrent would probably depend on the extent to which we would be prepared to declare ourselves openly.

6. The Conference recognized that these recommendations are of such scope and importance that they would require highest level clearance and also nation-wide support.

7. The Conference also recognized the importance of reaching understanding and working in collaboration with the British in the implementation of such a policy. However, they foresaw little hope of effective help by the French although the association of the French in the Tripartite Declaration might make necessary their being assigned some nominal role.

8. The Conference was conscious of the fact that their recommendations were addressed only to a part of the Arab-Israeli question, i.e., toward the lessening and warding off of dangerous tensions, and that final solution would require solutions of such problems as refugees, compensation, frontiers, water and Jerusalem. It also concluded that, although the parties must play an important role in seeking such solutions, the full task was beyond their power of negotiation and that the US Government, in association with other powers, would have to assume responsibility for developing solutions and for enforcing their implementation. Regarding immigration, the Conference endorsed the reference thereto in Assistant

Secretary Byroade's recent speech in Philadelphia but agreed with him that we should allow this matter to rest for the time being.

9. The Conference perceived that, in addition to the legal basis and political practicability of their recommendations, there were complications of an unusual nature which might result in putting the recommendations into effect. For instance: It seemed likely that Syria would oppose the use of French troops in Syria even in aid against Israeli aggression. There would be a question whether the forces of a state against which aggression had been committed should be considered as allies. There would also be a question whether, upon our interception in behalf of a victim of aggression, others might decide to participate, ostensibly in collaboration but possibly to serve their own special ends.

10. The Conference endorsed actions by the US Government during the past year in implementing the policy of impartial friendship to all states of the area. The Conference believed that this policy was correct and could see no satisfactory alternative to meet the dangers in the Middle East. The Conference believed that this policy should be pursued, bearing in mind that in its implementation care must be taken so that unfounded fears of Israel would not result in rash action on their part.

No. 825

684A.85322/5–1454: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, May 14, 1954—6:06 p. m.

792. Embtel 1168.[2] Dept has concluded that need for ready access IG officials in connection with border situation and other important matters, together with general disintegration common front on Jerusalem question among diplomatic corps Tel Aviv, makes it desirable establish Embassy-Foreign Ministry working relationship and contact with Sharett. UK and French Embassies here being informed that U.S. prepared enter into arrangement as follows:

1) Emb officers below rank mission chief or chargé may transact business with Foreign Ministry Jerusalem as occasion warrants providing high level Ministry officials will be available Liaison Office Tel Aviv at regular and frequent intervals.

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[1] Repeated to London, Paris, Rome, and Jerusalem; sent by pouch to Amman, Baghdad, Beirut, Cairo, Damascus, and Jidda.

[2] Not printed.

2) Proposal this arrangement to IG accompanied by clear statement it is made solely in mutual interest facilitating working relations, does not constitute change U.S. policy toward question internationalization Jerusalem, and would be discontinued should arrangement be misconstrued by Israel press or radio.

3) Mission chief or chargé authorized establish contact with Sharett through courtesy call Prime Ministry and subsequent informal social contact Jerusalem.

Upon return from Istanbul Russell instructed consult with UK, French and other colleagues as appropriate and proceed along foregoing lines. [3]

Dulles

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[3] On May 17, the Department advised the Embassy that it saw no firm assurance that a courtesy call by Russell on Sharett, or Embassy calls at the Foreign Ministry in accordance with the Department's telegram 792 to Tel Aviv, would not be publicized before the *démarche* to the Jordanian Government regarding border measures had been completed. Such calls might be interpreted by the Jordanian Government as belying any assurance that it was being consulted first. Therefore, unless action had already been taken, the Embassy was instructed to take no initiative toward such calls until it had received final instructions following the completion of the *démarche* in Amman. (Telegram 799 to Tel Aviv, May 17, 6:23 p. m.; 684A.85/5-1754)

On June 16, following the completion of the initial *démarche* in Amman, the Embassy was authorized to proceed to establish a working relationship with the Israeli Foreign Ministry in accordance with points one and two of the Department's telegram 792 of May 14. A courtesy call by Russell on the Prime Minister at Jerusalem would fulfill point three of telegram 792; this in turn was to pave the way for informal social contact with the Prime Minister. Russell was instructed to refrain from attending social functions at Jerusalem, but subordinate officers or service attachés might be permitted to attend at the Embassy's discretion. (Telegram 861 to Tel Aviv, June 16, 7:25 p. m.; 684A.85322/6-1654)

No. 826

684A.85/5-1454: Telegram

The Secretary of State to the Embassy in France [1]

SECRET WASHINGTON, May 15, 1954—3:04 p. m.

4099. Reference Embassy's telegram 4382 May 14. [2] French Embassy representative invited call at Department May 13 (same day that United Kingdom notified of our final agreement on approach mentioned Department's telegram 4070). [3] He called May 14 and

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[1] Repeated to London, Amman, Tel Aviv, Jerusalem, and New York.

[2] Not printed.

[3] Telegram 4070 to Paris, a repeat of the Department's telegram 443 to Amman, May 13, 7:14 p. m., advised that the Department and United Kingdom representatives had agreed to proceed with the informal approach to Jordan (and later to Israel) regarding border measures. The Department and the British Foreign Office

Continued

was informed United States hoped France would associate itself with Amman *démarche* which would be undertaken without delay following Ambassador Mallory's return from Istanbul (therefore probably May 19, 20, or 22).

Department made clear: (1) it did not expect early action in Security Council on border situation due procedural wrangle re Jordan's presence at Security Council meetings and other factors and therefore felt further delay in *démarche* Amman unwise; (2) certain measures would not necessarily require Arab-Israeli agreement (Department telegram 4070); and (3) Department favored informal secret approach by United Kingdom Ambassador speaking for all three.

Dulles

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agreed that discussions should probably be conducted on the basis of "pooling" ideas of both sides, giving Jordan every encouragement and opportunity to present its own suggestions. (684A/.85/5-1354)

No. 827

684A.85/5-2454: Telegram

The Ambassador in Jordan (Mallory) to the Department of State[1]

SECRET AMMAN, May 24, 1954—2 p. m.

480. Re Deptel 443.[2] British Ambassador Duke made *démarche* to Foreign Minister Saturday, May 22 and subsequently to Prime Minister. I informed Foreign Minister we fully associated ourselves with British *démarche* and deeply felt necessity of achieving relaxations of tensions on border. Foreign Minister surprisingly informed me he submitting question to Jordan Cabinet today. Minister from standpoint of national policy stated his desire for quiet on the border and necessity of breathing space for new government which inherited difficult public opinion (see also Embtel 463).[3] Seeing Foreign Minister again Wednesday.[4]

Mallory

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[1] Repeated to Tel Aviv and London.

[2] Not printed, but see footnote 3, *supra*.

[3] Not printed.

[4] Ambassador Mallory forwarded, under cover of despatch 408 from Amman, May 27, a memorandum of his conversation with Ambassador Duke concerning the latter's approach to the Jordanian Government. Mallory also forwarded memoranda of his own conversations with the Jordanian Foreign Minister and Prime Minister (on May 24 and 27 respectively) in which he formally stated that the United States associated itself with the British *démarche*. (684A.85/5-2654) The 11 points of the British *démarche* to Jordan were not specifically described in these memoranda of conversa-

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No. 828

684A.85/5-2754: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, May 27, 1954—5:51 p. m.

818. UK Embassy reports French have decided join US-UK *démarche* to Israel and Jordan re border measures and have urged two tactical moves: (1) that Israel Government be informed of fact of *démarche* Amman re border measures and prospective similar approach Israel this subject; (2) that reaction UNSYG be sought on measures UN could implement unilaterally. UK Foreign Office has agreed these moves and instructed UK missions Tel Aviv and New York proceed accordingly.

Embassy should indicate to UK and French Embassies Tel Aviv that US associates itself with UK-French advising Israel Government per (1) above with earnest hope IG will keep matter confidential.

USUN will be advised shortly re joining in UK-French approach UNSYG per (2) above.

DULLES

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tion or in other telegrams or despatches to or from Amman, but were similar to points 2 and 4-13 in part III B of the Department's CA-6175, Document 811. With respect to the subsequent transmittal to the Israeli Government of the same 11 suggested measures, see the *aide-mémoire* of June 19, Document 836.

[1] Sent also to New York; repeated to Amman, London, Paris, and Jerusalem; sent by air pouch to Ankara, Baghdad, Beirut, Cairo, Damascus, Jidda, and Rome.

No. 829

684A.85322/6-254

Memorandum of Conversation, by the Politico-Economic Adviser in the Bureau of Near Eastern, South Asian, and African Affairs (Gardiner)

CONFIDENTIAL [NEW YORK,] June 2, 1954.

Subject: Jordan Valley Developments

Participants: At the Office of the Secretary General of the UN:
The Secretary General of the United Nations
Mr. Andrew Cordier
Assistant Secretary Byroade
Ambassador Wadsworth
Ambassador Johnston

Mr. Gardiner, State
Mr. Barnes, FOA

Mr. Johnston in opening the meeting suggested, if it were possible to obtain agreement in principle to the Unified Plan, that the subject be turned over to the United Nations for further detailed negotiations, and hoped that the Secretary General would agree to this course. Mr. Johnston defined "agreement in principle" to mean statements by the countries concerned that the water from the Jordan River should be shared by the countries through which it flows, on an equitable basis. The United States and Mr. Johnston would continue to be prepared to do all that could be done to further this project. Mr. Johnston also hoped that progress would result from the Cairo and Tel Aviv talks.

The Secretary General personally stated that a direct reply was difficult, as the United States appeared to be making a new tactical approach. The basic concern of the United Nations at this time arises over the issues involving the dispute over the diversion at Jisr Banat Yaqub. This faces the UN with certain political as well as practical problems. The Secretary General considered that an agreement of this kind mentioned by Mr. Johnston could be rated to the issues involving Jisr Banat Yaqub, and considered that Mr. Johnston's proposals might ease the situation rather than confuse it. The Secretary General, however, was skeptical of the possibility of any considerable achievement at this time, particularly as the ideas of the Arabs were so negative.

In response, Mr. Johnston reaffirmed that there was more optimism in U.S. circles, as there seemed to be a basis for negotiations, and both sides, Israel and Arab, had indicated the desire to explore possibilities.

The Secretary General replied that his pessimism ran into the UN role as a whole in the area, rather than to manipulating the TVA plan. On the point of bringing such an issue to the UN, the Secretary General had no objection, but said that he must add a note of pessimism in view of the nature of U.S.-Soviet relations in the Security Council and General Assembly. On the other hand, he saw no other agency available to tackle the problem of the Jordan waters, agreed that the solution must be an international one, and, while skeptical of the ability of the UN to follow it through, considered the UN the only possible agency to get any result.

At the Secretary General's request, Mr. Cordier stated that he thought the analysis of the Secretary General was correct, and that the problem was to find a basis for an appeal to the consciences of the states concerned without exacerbating present political tensions. Mr. Cordier asked about the attitude of the Israelis.

In response to this inquiry, Mr. Johnston referred to a recent conversation he had had with Ambassador Eban. The Israelis advised him that they were proposing an alternative plan based on the combining of Jordan and Litani waters. When Mr. Johnston advised Mr. Eban that we could not consider such a proposal, Mr. Eban stated that Israel might be prepared to modify this position.

Mr. Byroade then stated that he shared Mr. Hammarskjold's concern about unfortunate international politics in UN discussions relating to the Arab-Israeli problem. This was a source of great worry to him. However Mr. Byroade felt that if Mr. Johnston could convince both parties to request UN supervision of Jordan waters, a great advance might be made. This would help the UN solve the problem at Jisr Banat Yaqub as well as at Adasiya.

The Secretary General agreed with Mr. Byroade. No sound solution for the Jisr Banat Yaqub issue could be found unless it fell within the framework of general proposals acceptable to all concerned.

Mr. Byroade remarked that Jisr Banat Yaqub was something like the Saar. The problem could not be solved except in a broader context.

The Secretary General went on to state that he saw no contradiction between Mr. Johnston's proposed approach and the various concerns of the UN; insofar as Jisr Banat Yaqub is concerned, the UN has a plan in mind; as far as Israel is concerned, the only factors holding back the Israelis from further work in the demilitarized zone are the temporary promises given to Mr. Johnston and to the UN. The Israelis are prepared to continue their activity as soon as the time is ripe. On the other hand, the Arabs had reacted most violently on June 1 when the Secretary General presented them with a note of the Banat Yaqub issue (which presumably contained a statement of terms on which the Israelis might continue with their diversion plan at this point). This reaction made it clear to the Secretary General how intense Arab feelings still were. However, he felt that after the talks in Cairo it might be possible to proceed to discussions on Jisr Banat Yaqub provided certain UN guarantees regarding the operation of the diversion were given. His recent difficulties with Israel had led him to make a sober appraisal of the risks involved. As far as the Arabs are concerned, it is going to be very difficult to handle them, as their gains from the development at Adasiya did not appear sufficient to save their loss of face over Jisr Banat Yaqub.

The Secretary General then asked Mr. Johnston how he thought Jisr Banat Yaqub might be handled if the Cairo conference were successful.

In response, Mr. Johnston thought that the issue might fade in the background and that the Israelis might agree to abandon the irrigation aspect of Jisr Banat Yaqub in view of the fact that they prefer the high-level canal as proposed in the Unified Plan.

Mr. Byroade thought that the Israelis would not abandon Jisr Banat Yaqub and that if agreement were reached on the proposals in Cairo, and Israel accepted the Jisr Banat Yaqub diversion in lieu of the high-level canal, the Jisr Banat Yaqub project might go ahead.

At this point, Mr. Barnes observed that Mr. Johnston had asked Mr. Eban which alternative Israel preferred. The Israelis had indicated that they would like to have the high-level canal for irrigation, reserving the Jisr Banat Yaqub diversion for power.

The Secretary General observed that the canal now being dug was too big for power alone. Mr. Byroade observed that the problems facing the U.S. and the UN were much the same, as if the Israelis start work again on the diversion in the demilitarized zone both the U.S. and the UN would be forced to take a public stand again.

The Secretary General then spoke about the military implications of the Jisr Banat Yaqub canal. He had believed that it might serve as a protection for Israeli's flank in the event of warfare in the north, and he asked Mr. Byroade whether we had any considered views on this issue. Mr. Byroade stated that we had not made a precise military appraisal.

Mr. Johnston then stated that he felt it was important to note the changing attitude on the part of the Israelis regarding Jisr Banat Yaqub, which should be carefully evaluated. He also felt that the Arab position of outright opposition might change. Mr. Byroade noted that the favorable Arab reaction to the Unified Plan is putting Israel in a difficult position and that if the Cairo meeting results in an agreement, the position of Jisr Banat Yaqub would be facilitated.

The Secretary General agreed with Mr. Byroade, and noted that at least until the conclusion of Mr. Johnston's talks in Israel this issue would probably not arise again in the UN. The idea of international supervision would provide a new medium for a settlement, and he would like to give as much support as possible to means of providing such supervision.

At this point Mr. Johnston asked the Secretary General whether he would attach a UN observer for the talks in Cairo. Mr. Hammarskjold was hesitant on this point as there seemed to be no practical basis for discussions of the immediate issue facing the UN, that of the Jisr Banat Yaqub dispute.

Mr. Gardiner suggested that what was required was not an officer especially qualified to consider the current dispute, but one who could help establish a constitution for a UN control body.

Mr. Hammarskjold observed that this was a new field for the UN and that the Secretariat had not given much thought to it yet. On the other hand, he quite agreed that if the basic idea were accepted, and led to a request of the Secretary General, he would be very interested. However, discussion of the details of such an authority would be very time-consuming, and as far as the Cairo meeting was concerned, he felt that its central theme should be international control and that details should be left to later.

Mr. Byroade hoped we were in a stage of transition so that the UN could take a leading role in these matters. This idea appealed to the Secretary General. He stated that Mr. Carver should be available at Cairo to consult with Johnston, but not to take part in formal talks with the Arabs.

Mr. Byroade indicated that Mr. Carver expected to be present, and suggested that it might be helpful if UNRWA's legal adviser, Lalive, were also present.

Mr. Johnston, in summarizing the position, thought the situation was very clear. The Cairo meeting he considered as a transition leading to the time when the UN could take the project over, with full backing from the U.S.

The Secretary General fully agreed on the need to get the parties together somehow. He did not wish to endorse the TVA plan in detail, and furthermore it was necessary for him to avoid as much as possible confusing Near East politics with the politics of the cold war. The Soviet propaganda, which the Soviets were beginning to believe themselves, had tacked the label of "U.S. imperialism" on the TVA Plan. It was therefore advantageous to keep the UN uncommitted on the details of its implementation.

Mr. Johnston suggested that a further meeting might be held in New York on June 10, prior to the departure of his mission for Cairo. The Secretary General agreed that this might be helpful and undertook to reserve time on that day. He hoped that Mr. Byroade would attend this meeting as well.

No. 830

784A.5622/6-354

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State

SECRET [WASHINGTON,] June 3, 1954.

Subject: Israel request to purchase American jet aircraft.

Some time ago the Israelis approached me with a request that we allow them to make a commercial purchase of 24 F-86 jet fighters. The only act required by the United States Government would be to grant export licenses.

The Israelis explained their desire to purchase these aircraft as part of a modernization of equipment scheme for their airforce. They propose to dispose of 80 obsolete aircraft presently being maintained. In view of budget restrictions they envisaged actually receiving the 24 new aircraft over an extended period of time.

In response to my query they stated the transaction would be of a secret military character and they could guarantee that no initial publicity would result.

My first reaction to this proposition was that we should give our approval. I have been in fact searching for some way to reassure the Israelis and was therefore tempted to go ahead. I have reluctantly come to the conclusion that I cannot conscientiously recommend such a course to you, as I believe it clearly against United States over-all interests in the Middle East. This I believe to be true for the following reasons:

(a) Grant of permission to Israel to purchase American jets at this time might seriously compromise the possibilities of ultimately achieving the political objectives of our Iraq program, i.e. Iraqi participation in Middle East defense and the break up of the negativism of the Arab League.

(b) I do not trust the Israelis as regards publicity and it would appear to the area that Israel by different methods was going to receive more potent weapons than we planned to give Iraq under our new agreement.

(c) The United States contemplates no jet aircraft in its military assistance to the Middle East. If we should change our mind in this regard the Israel request should, of course, be reconsidered.

(d) Even with the disposal of obsolete aircraft in greater numbers, 24 F-86's would materially increase Israel's potential. Israel's present airforce capability probably exceeds the capabilities of all the Arab states put together.

(e) At the recent conference of Ambassadors at Istanbul, our feeling was confirmed that the real danger today lies in some foolish move on the part of Israel. The Ambassadors saw no evidence whatsoever that an Arab move was in the cards.

(f) The Israel military authorities have maintained and to some extent increased a deliberate policy of retaliation which is not overruled by the civil government.

I transmitted the Israeli request to the Pentagon where it is still under discussion. My letter of transmittal indicated that the State Department would probably desire to comply with the Israeli request for political reasons. Conversation with officials at the Pentagon however indicates that they are quite opposed. The military objection is in fact more political than military. They feel that this move would react against us in the Middle East and specifically they feel it may affect the matter of present and prospective base rights in the area, including Saudi Arabia and Libya. They will probably leave a loop-hole in their reply to us however so that we can overrule them on political grounds if we feel it necessary to do so. Unfortunately I have concluded that our own political evaluation, except of course from the viewpoint of Israel itself, coincides with rather than differs from the military point of view.

In view of the above I request that I be authorized to inform the Israel Ambassador that the United States cannot grant approval to this request at this time. They will thereupon purchase jets elsewhere, probably from the Swedes or the British. Our refusal will not mean, therefore, that Israel will be denied these weapons, but it will mean that the United States will not suffer throughout the Middle East from this sale.

If you agree with the above I will try to find other ways of satisfying, to some extent, the feeling of the Israelis that we do not wish to work with them on military matters. They have asked for certain less dangerous weapons which I believe we can go ahead with. When General Dayan visits here in the near future we will try to see that he does not leave with the impression that we are uninterested in their military capabilities on the side of the West, etc. [1]

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[1] Secretary Dulles initialed his approval of this memorandum.

No. 831

780.5/6-854

Memorandum of Conversation, by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET [WASHINGTON,] June 8, 1954.

Subject: Israeli matters

Participants: Ambassador Eban
Minister Shiloah
Mr. Byroade—NEA

I called upon the Ambassador and Mr. Shiloah at the Ambassador's residence at 5:00 P. M. on June 8th. His request to see me was based upon the desire to know more about our policy thinking in view of the Istanbul Conference.

I explained to Eban rather fully the feeling of the conference on defense matters as reported in the Istanbul paper. The Ambassador seemed somewhat reassured by my remarks as it indicated that we do not plan to grant armed assistance indiscriminately to Arab States regardless of their intentions upon joining a defense organization in the Middle East. I explained that Egypt was of course an exception as we were publicly committed at the highest level to give Egypt some assistance subsequent to their agreement with the British.

The Ambassador stated that he had spoken to Prime Minister Menderes about these problems during the latter's recent visit here. What Menderes had told him fitted closely with my remarks and he assumed therefore that the US and Turkey were in close agreement on these matters. The Prime Minister had indicated to Eban that it was not Turkey's intention to ignore the defense potential of Israel when that could be arranged. It was only a tactical matter of the moment which led them to believe any open participation by Israel would be a mistake. Eban asked if this reflected our views. I stated that it did.

Turning to the Arab-Israeli problem, I indicated our concern at the situation along the border and told Eban that we and the British, and perhaps the French, were going to endeavor to do what we could with the parties concerned outside the United Nations. Certain discussions with Jordan on technical matters as to how to improve the actual border situation had already taken place and Israel would probably be contacted in the near future. Eban stated that the British Ambassador had informed him of this fact. I declined to respond to Eban's request for any details as to our talks with Jordan.

Eban stated that Menderes had also stated that Turkey was considering joining in the tripartite declaration at the invitation of the United States. Eban apparently felt that a development in this regard was imminent and seemed pleased at the thought that Turkey might join in a guarantee of the *status quo*. I told Eban that the invitation had not come from us but that Turkey had in fact expressed a willingness to join in such a move. This was under consideration but no positive steps had been taken as yet.

Ambassador Eban asked what our reaction was to the purchase by Israel of 24 F-86 jet aircraft. I informed him that we had made a decision as a Government that it would not be possible for us to accede to this request at this time. The Ambassador stated that they did not wish to make such a huge outlay of money for aircraft that were already partially obsolete, such as British Meteors or Swedish aircraft. Would we therefore object if they purchased the aircraft through Canada with Canadian export licenses? I replied that these particular aircraft were made by an American subsidiary and I would assume the export licenses would have to be from the United States. Eban stated he did not believe this to be the case but that he knew the Canadian Government would request the views of the US. He did not wish, therefore, to approach the Canadian Government without knowing our views. I told him I would look into the matter and let him know.

Mr. Shiloah then raised the question of guarantees on the Suez Canal and the possible activation of the Suez Base to be used against Israel if the British pull their forces out of Egypt. I told him the agreement between the UK and Egypt was a technical one with the exception of a possible short preamble which already included a reference to the Suez Canal. I stated I would be strongly opposed to any attempt to inject new issues into that agreement itself at this time. If the Israelis had specified suggestions as to how their concern could be handled outside of the agreement itself, I would be glad to study them. Mr. Shiloah said they did have such specific suggestions, which they had already passed to the British and that he would like to discuss them with me next week. I agreed to set up a time.

Ambassador Eban then referred to their disappointment over the low level of our illustrative aid presented to Congress for the next fiscal year. He stated that he agreed that economic progress had been made in Israel but thought they could prove upon economic grounds the wisdom of continuing the aid at least at the same level for the next fiscal year. I told Eban that we had arrived at our illustrative figure solely upon economic grounds and not political. I stated in general our desire to get away from what now appears to be the policy of equality of assistance to Israel on the one hand and the rest of the Middle East on the other, but that our decision had not been based upon this political viewpoint. He stated he and his economic people wished to make a presentation to Stassen to attempt to justify more assistance next year on economic grounds. I stated we would be interested in hearing such a presentation.

No. 832

684A.85/6-1454: Telegram

The Ambassador in the United Kingdom (Aldrich) to the Department of State[1]

SECRET LONDON, June 14, 1954—7 p. m.

5714. Foreign Office told us and French Embassy today that Jordanian Foreign Minister on June 13 gave British Ambassador oral reply, as approved by cabinet, re border measures. Written reply to follow soon. Duke's telegram, being pouched Washington and Paris, shows HKJ agrees to five of proposed measures, believes three others more properly come within competence UN and rejects two. Items rejected are demarcation of boundary (including physical barriers) and passes for Arabs crossing from Gaza strip to Jordan territory.

Foreign Office instructing British Embassies Washington and Paris propose three governments now approach IG re measures agreed by HKJ and only these, and ask for IG comment and suggestions. Foreign Office does not favor telling Israelis about measures rejected by Jordanians. British will await HKJ written reply before deciding whether urge reconsideration rejected items but Foreign Office believes such reconsideration, especially of border demarcation, unlikely.

UK del NY will also approach UNSYG re exchange with Jordan and asks his views re measures which HKJ considers primarily UN concern.

Foreign Office would like our views urgently as HMG thinks approach to IG should be made soonest. Foreign Office idea is that approach to IG would be tripartite.

ALDRICH

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[1] Repeated to Amman, Tel Aviv, and Paris.

No. 833

684A.85/6-1454: Telegram

The Secretary of State to the Embassy in the United Kingdom [1]

SECRET WASHINGTON, June 15, 1954—6:19 p. m.

6835. Dept believes tripartite powers should make concerted but separate *démarches* to IG re border measures soonest London tel 5714 [2] USUN 868. [3]

Powers would be open to valid Israel criticism if they did not present IG with full list measures presented Amman. Since entire matter to be discussed with UNSYG, fact we had differentiated between Israel and Jordan in *démarche* would eventually become known and, coupled with fact Jordan approached first, would reduce possibilities creating receptive and cooperative spirit on part IG re measures. (FYI: Not known how far UK Ambassador Washingon or French Ambassador Tel Aviv have gone in talking with Israelis re border.)

Do not feel powers should apprise UNSYG re *démarches* or seek his support for implementation by UN of particular measures until *démarche* has been made to IG.

Embs London and Paris should seek soonest and report on UK and French agreement for respective missions in Israel to proceed on above basis. [4]

DULLES

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[1] Sent also to Paris priority; repeated to Tel Aviv, Amman, Jerusalem, and New York; sent by pouch to Ankara, Baghdad, Beirut, Cairo, Jidda, and Damascus.

[2] *Supra*.

[3] Not printed.

[4] Ambassador Aldrich reported on June 17 that the British Foreign Office agreed to a separate but concerned approach to the Israeli Government and to the presentation of a full list of proposed measures. (Telegram 5809 from London, June 17, 6 p.m.: 684A.85/6-1754)

No. 834

120.280/6-1754: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, June 17, 1954—1 p. m.

1564. From Johnston.

1. Discussions with Arab committee which started June 13, recessed evening June 16, with confidential agreement they be resumed in Cairo June 24, upon my return from Tel Aviv. Atmosphere has been most cordial throughout. Talks opened with review by Arabs and presentation of Arab plan. I replied by indicating areas of agreement, disagreement and uncertainty between Arab and unified plans. Remaining sessions devoted efforts reconcile two plans.

2. Final session consideration was given to four crucial points in attempt achieve agreement in principle.

a. Allocation of water. It was generally agreed that the quantities of water allocated to the four riparian states would approximate those indicated in unified plan. Adjustments will be made to meet needs of Lebanon on Hasbani and of Syria at Banias, Boteiha, and Yarmuk Plateau as indicated in Arab plan.

b. Use of water outside of watershed. I sought Arab agreement in principle to proposition that once allocations of water had been made, they could be used in places and for purposes determined by the states to which allotted. I insisted that unless I could assure Israel that she would get as much water as provided in the unified plan, and that she could then use it on coastal plain or elsewhere, there was no hope at all of Israel agreement. Consequences would be perilous to all concerned. Arabs continue officially to adhere firmly to position that water must be used in the basin with no export to other areas. Their overt postures could not appear more intransigent. We have had private indications from committee members and top Egyptians, however, that Arabs might give ground on this point if Israel accepts other elements of unified development proposals. There is evidence Arabs feel necessity remain tough on this point now in order enhance their bargaining position vis-à-vis Israel.

c. Storage on Yarmuk. Committee pressed for maximum storage on Yarmuk with only flood waters going into Tiberias. Stated such storage on Yarmuk was essential HKJ security since otherwise with major storage in Tiberias, HKJ in position where Israel could at anytime destroy HKJ crops by denying Tiberias water for relatively brief period. After thorough discussion this point we reached tentative understanding that provision would be made to store sufficient water on Yarmuk to meet HKJ's desires for emergency irrigation supply. Decision as to location and magnitude of such storage must await engineering determination. We indicated we would think along lines of providing sufficient Yarmuk storage to irrigate lower valley for two to three-week period should emergency arise and Tiberias water denied to HKJ.

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[1] Repeated to Beirut, Damascus, Amman, Tel Aviv, London, Paris, Baghdad, and Jidda.

d. International supervision. Early in meetings, after Arabs had indicated they would accept some degree of international supervision, we presented them with copies of draft declaration along lines that contained in Department's briefing paper. This provoked immediate and decidedly negative reaction. Arabs took this as indicating US withdrawing from negotiations and turning project over to UN. Arabs made abundantly plain they had more confidence in motives and integrity of US than in UN which had proved sore disappointment. After discussion tentative understanding reached that as soon as principles and essential elements of a valley development program had been agreed upon with US, the riparian states would take measures, through UN, to establish an international control authority to supervise execution and operation of valley program. In other words Arabs do not wish approach UN until effective agreement has been reached under US aegis.

3. *Comment:* I leave Cairo much encouraged at prospect obtaining Arab cooperation in integrated valley development. Role of Egyptians in providing effective, sympathetic, and constructive leadership has been most valuable and obviously based on sincere desire be helpful to US in this matter. Now appears unnecessary and undesirable conduct negotiations with Arabs except in Cairo. Expression of committee's confidence in US in view of past public and press statements also helpful sign.[2]

CAFFERY

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[2] Ambassador Caffery reported in telegram 1565, June 17, as follows:

"Embtel 1564, June 17 from Johnston failed to include reference made by Arabs to their strong desire that his own leadership in Jordan Valley negotiations continue. This expression is genuine." (120.280/6-1754)

Assistant Secretary Byroade sent a copy of telegram 1565 as an attachment to a memorandum to Secretary Dulles of June 19 which reads:

"Eric Johnston's discussions with the Arab Committee in Cairo went well, and he is now in Tel Aviv. He expects to return to Cairo for further talks with the Arabs after his meeting with the Israelis.

"The meeting with the Arabs appears to have been quite successful. The one point that surprised me was Arab concern that the US might withdraw from the negotiations and turn the matter over for further follow up to the Secretary General of the United Nations. They agreed that this was desirable at a later date when an international control authority should be set up but wished the US to carry the ball until that time.

"The above was a surprise to me as well as the attached cable, which I think you will find interesting." (120.280/6-1754)

No. 835

611.80/6-1754

Memorandum of Conversation, by the Deputy Director of the Office of Near Eastern Affairs (Dorsey)[1]

CONFIDENTIAL [WASHINGTON,] June 17, 1954.

Subject: (1) Statements of U.S. Policy in the Near East, (2) The Tripartite Declaration, and (3) Israeli Purchase of Jets

Participants: Mr. Abba Eban, Ambassador of Israel
Mr. Reuven Shiloah, Minister of Israel
Mr. Meier Sherman, Director, Israel Government Economic Services in U.S.
NEA—Mr. Byroade
NE—Mr. Dorsey

I. Following his request that the present rate of aid be maintained during F. Y. 1955, Ambassador Eban asked that Mr. Byroade consider the grave implications of repeated statements to the effect that population pressures will bring about an expansion of Israeli territory. He said that it has been said that responsible Israeli leaders claim the population should increase to four million within the next several years. Although Mr. Byroade in his Philadelphia speech had mentioned Arab fears of an expansion of Israeli territory, he had also said that in his opinion this fear was not realistic. Too many others, he added, emphasized the Arab fears without Mr. Byroade's important qualification and referred specifically to Mr. Gardiner's testimony before the House Foreign Affairs Committee.

Ambassador Eban emphasized that these official statements implied a lack of trust in Israel's commitment to the "boundaries" set forth in the Armistice Agreement. This lack of trust is grotesque, he said, when Israel is willing to sign a peace treaty tomorrow and the Arabs are not. They, on the contrary, have a serious desire to reduce the size of Israel. The Ambassador went on to say that the claim that Israel cannot expand to two or three million persons within its present territory shows a lack of knowledge of the rudimentaries of economics. The extensive, empty regions of the country and potential greater per capita production make practical Israel's ability to support the larger population. Israel, after all, is in no way as densely populated as Denmark and Belgium. "To invite the Arabs to fear Israel is to invite them to hate Israel," he said.

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[1] Drafted also by Assistant Secretary Byroade.

Mr. Byroade replied that he had no regrets with regard to his own statement, which he had listed both Israeli intentions and the facts as he knew them as reasons why he did not believe Arab fears were justified. As to the other statements, he would take steps to see that nothing was said on this subject in the future without his personal clearance.

Ambassador Eban said that he hoped Mr. Byroade would find it possible to say that Israel's population density is not a serious problem and that the U.S. believes Israel is sincere in its intention to maintain the integrity of the frontier as an international demarcation line. He also felt that in any future statements of U.S. policy before Committees of the Congress that balance will be maintained so that it will not appear that as far as the U.S. is concerned Israel must make all the efforts toward peace while nothing is required of the Arabs.

II. Mr. Eban then stated that there had been recent indications in the press that this Government might be giving consideration to a reaffirmation and strengthening of the Tripartite Declaration. He said that he would like to present his own thinking on the matter which could be considered as authentic, subject of course to Cabinet discussion and findings. Mr. Byroade replied that there had been no discussions of the matter other than those in Ankara which he had mentioned both to Ambassador Eban and to the British. He did not know where the original press story from Ankara originated. He did, however, find the idea of reaffirmation and strengthening attractive and had hoped that Ambassador Eban would have a similar reaction.

Ambassador Eban then stated that there were two alternative possibilities: 1) to restate the Tripartite Declaration as is, and 2) to go beyond it and indicate that armed force would be used in support of the Declaration. These, he said, are two very different matters. As for the first, he doubted that reiteration strengthened the original Declaration. Actually, a repetition probably weakened it somewhat. Moreover, if the U.S. considered reaffirmation as a balance against arming the Arab States, Israel would have to reject the concept. "Arms for the Arabs and assurances for Israel" hardly result in a decent equilibrium. The second alternative, on the other hand, is a revolutionary step which he felt could not be effective if it were done unilaterally without consultation with the interested parties. Furthermore, he pointed out, a treaty is involved—the Charter of the UN. Under that treaty intervention is subject to two conditions: first, the invitation of the country which has been attacked, and secondly, the request of the UN under the enforcement provisions of the Charter. The Secretary of State recently gave these conditions as a basis for intervention in Indo-China and in the Ambassador's opinion they certainly presented far broader implications.

He believed that the Israeli reaction to such a proposal would be positive, but only within the proper framework. If you are thinking of a security guarantee, he said, you are thinking about a treaty and the international judicial repercussions must be fully considered. Mr. Byroade then said that we had never had any idea of ignoring the UN and he had only recently discussed the importance of maintaining peace in the area with the Secretary General. Ambassador Eban commented that he was sure that the goal of a security guarantee was a good one, but how to do it presented a dilemma. Mr. Byroade asked whether Mr. Eban envisaged some sort of document, to which Ambassador Eban replied that some sort of instrument between the guarantors and other directly interested parties was essential. Mr. Byroade stated that he was sure that the U.S. would have no trouble arriving at such an instrument with Israel. How to attain it with the other interested parties presented greater difficulties. His own thought was that the document must be something which would be approved by Congress. Mr. Eban then stated that he had heard of another possibility—the specific mention of the use of economic measures alone. He said that the very exclusion of any reference to force might give the impression that the guarantors were not willing to go so far as to use force.

Mr. Byroade then assured the Ambassador that we were not about to take any action without talking to the Israel Government and he urged him to give further thought to the matter and to give him the benefit of any ideas which he might have.

III. The Ambassador then indicated to Mr. Byroade that his Government had located a Canadian manufacturer of the jet airplanes which they wished to purchase in Canada and then the Canadian Government was expected to make no objection to the sale. Since the U.S. would not make the sale itself, would it obstruct any action by Canada? Mr. Byroade stated that if Canada and Israel could make a deal it is a matter of their concern—he felt that he must avoid any positive acts by this Government. If Canada informs us that they are manufacturing the jet planes, he would be disposed not to reply to their letter. Mr. Byroade added that basically he felt this was an excessive expenditure for military materiel—a point of view with which Israel disagreed. If Israel can make the expenditure without positive action by this Government, that is Israel's business. Ambassador Eban pointed out that aircraft did not last forever and that if replacements must be made, Israel wished to make them the most effective possible. Mr. Byroade commented that he believed the planes in which Israel was interested were also manufactured under license in Australia and perhaps other Commonwealth countries. Mr. Shiloah then asked whether our refusal to make planes available to Israel applied only to jets. Mr. Byroade replied that this whole conversation applied only to the present issue of F–86 jets.

No. 836

684A.85/6–2154

The Chargé in Israel (Russell) to the Israeli Prime Minister (Sharett) [1]

AIDE-MÉMOIRE

The Government of the United States of America, sharing with the Government of Israel a grave concern over the state of frontier tension in the area, has sought to devise, in concert with the Governments of the United Kingdom and of France, proposals of appropriate steps to contribute to a reduction of this tension. Pursuant to instructions received from the Department of State, the Embassy transmits to the Government of Israel for its consideration the following suggestions of possible practical measures for reducing frontier incidents:

1. The acceptance by the parties to the Armistice Agreements of their obligations to attend meetings of the Mixed Armistice Commissions, and the resumption of the operation of Local Commanders Agreements.
2. The amendment of rules of procedure of the Mixed Armistice Commissions to enable the chairman to propose resolutions instead of merely rubber-stamping those of one side or the other.
3. The appointment to the staff of the Mixed Armistice Commission of United Nations translators and politico-legal advisers.
4. Publicity by the United Nations for Mixed Armistice Commission decisions and border conditions and the responsibility therefor.
5. An increase in the number of United Nations observers, who should be stationed on both sides of the border instead of mostly on the Arab side as at present.

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[1] Copy transmitted to the Department in despatch 987 from Tel Aviv, June 21. The *aide-mémoire* was drafted by the Embassy pursuant to instructions sent in telegram 862 to Tel Aviv, June 17. The telegram included a list of points to be included in the formal *démarche*, and the Embassy was given discretion as to the manner of presentation. The Embassy was to point out that an identical list of measures had been presented at Amman, but was not to indicate which measures the Jordanian Government had rejected or accepted. The Embassy was also instructed to consult with the British and French Missions in Israel regarding the *démarche*. (684A.85322/6–1754)

Russell delivered the *aide-mémoire* to the Prime Minister in Jerusalem on the morning of June 20. (Telegram 189 from Jerusalem, June 20, 4 p. m.; 684A.85/6–2054)

6. Observers to enjoy freedom of movement and investigation at all points of the border.

7. Additional equipment for observers, such as tracking dogs, helicopters and improved radio communications.

8. Each party to inform the Mixed Armistice Commission of the punishment of persons convicted of infiltration or other violations of the armistice.

9. Demarcation of the border by United Nations observers (without prejuduce to political rights and claims of either side), this if possible to follow frontier rectifications, and the erection of physical barriers at the most important points.

10. A system of passes for the movement of Arabs from the Gaza Strip to Jordan under United Nations supervision. (A good deal of such traffic is innocent in motive and its regularization should serve to reduce incidents.)

11. Any other preventive measures, whether by the parties or the United Nations Truce Supervision Organization.

The foregoing suggestions have been presented to the Government of the Hashemite Kingdom of The Jordan.

The Department of State hopes that the Government of Israel, whose views and recommendations regarding possible measures are earnestly sought, will give serious consideration to these suggestions which have been formulated out of a sincere desire to see constructive and feasible steps taken to reduce border tension.

TEL AVIV, June 19, 1954.

No. 837

684A.85/6-2054: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, June 22, 1954—7:37 p. m.

873. In its discretion Embassy may reply as follows to Sharett request that USG endeavor influence HKJ cease "series of reckless and provocative firings by Jordan border patrols" (Jerusalem tel 190): [2]

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[1] Repeated to Amman and Jerusalem; sent by pouch to London and New York.

[2] Telegram 190 from the Consulate General at Jerusalem, June 20, contained a further report by Chargé Russell on his meeting that morning with Sharett at which he delivered the *aide-mémoire* on border measures (*supra*). The Prime Minister stated that the killing of two Israeli patrol guards the morning before and the fatal wounding of a third was only the culmination of a series of reckless and provocative firings by Jordanian border patrols upon Israeli patrols during the past few weeks. The Prime Minister asked that the United States exert its influence with the Jordanian Government to bring about their cessation. (684A.85/6-2054)

1. Recent decisions of MAC, body in whose impartiality we have full confidence, do not support Sharett's charges against HKJ. We do not feel able to make approach to Jordan requested by Sharett when Israel refuses to participate in work of MAC, organization specifically constituted to cope with border problems and when recent activities of Israel's armed forces resemble to unfortunate extent those for which Israel censured by SC on November 24.

2. Treatment accorded UN observers investigating Wadi Fukin clash can only raise questions re Israel's intentions and responsibility for incident. We unable to perceive justification for what appears to be deliberate effort by Israel discredit UNTSO personnel and machinery. Stability and security on border depends primarily on this organization and SC resolution of November 24 specifically called on Israel and Jordan to "cooperate fully with chief of staff of TSO".

3. Measures listed in *aide-mémoire* of June 20 [*19*] designed accomplish improvement in border situation which Sharett desires. We hope that steps indicated together with return of Israel to Israel-Jordan MAC and genuine effort to cooperate by all concerned will succeed in reversing present deplorable trend.[3]

DULLES

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[3] Telegram 1335 from Tel Aviv, June 25, 8 p. m., reported that the substance of the Department's telegram 873 had been transmitted orally to the Foreign Ministry for Sharett, with the exception of the parallel between Qibya and recent incidents, a thesis the Embassy believed was debatable. (684A.85/6-2554)

No. 838

684A.85/6-2454: Telegram

The Chargé in Israel (Russell) to the Department of State[1]

CONFIDENTIAL TEL AVIV, June 24, 1954—6 p. m.

1330. Ambassador Johnston and party arrived via Mandelbaum Gate afternoon June 18. Johnston and I made courtesy call on Prime Minister his office Jerusalem. Full meetings held afternoons June 20 and 21. Smaller meetings Johnston and myself with Prime Minister, Finance Minister and one or two advisers held on June 22 and 23. Johnston, Gardiner, Ludlow, and Jones departed this morning for Cairo. Barnes, Trozeg, and Colburn remaining here for couple of days for further discussions technical problems.

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[1] Repeated to Cairo and Jerusalem.

Israeli position appeared to move nearer to unified plan and early insistence on Litani inclusion was dropped in latter stages of discussion. Agreement failed primarily over Israeli refusal accept division of waters based on principle valley land use. Latter part of discussion centered mostly around US proposal of (a) acceptance of general principle of allocation based on valley land use with agreement that final specific allocation would be made by neutral expert or experts based on further studies, accompanied by (b) immediate temporary allocations to various countries in rough proportions of unified plan to permit progress on construction.

Israeli Government evidenced desire not to be in position of definite turn-down of Johnston proposals but unwillingness accept magnitude limitation by Israeli Government of Jordan waters implicit in (a) above. It was agreed proposals would continue to be given consideration with view to later resumption of conversations. Johnston making more complete report.

RUSSELL

No. 839

684A.85/7-154: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, July 1, 1954—7:53 p. m.
NIACT

1. Deliver following message Jordan (Israel) Government soonest:

US Government has been informed widespread heavy firing broke out in Jerusalem June 30 [2] and has since continued intermittently, reportedly having been resumed even after agreement on cease fire reached at meeting Israel–Jordan Mixed Armistice Commission July 1. US Government deplores this serious outbreak violence in Holy City with attendant loss of life and urges Government Jordan (Israel) take immediate steps insure observance cease fire. US Government transmitting identical request Government Israel (Jordan).

DULLES

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[1] Repeated to Amman niact, London, Paris, and Jerusalem, and by pouch to the Arab capitals and New York.

[2] Reports concerning the outbreak of firing in Jerusalem were contained in telegrams 1 and 3 from Jerusalem, 2 and 5 from Tel Aviv, and 1 from Amman, all dated July 1. (684A.85/7-154)

No. 840

684A.85/7–354: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

CONFIDENTIAL AMMAN, July 3, 1954.

5. Saw Prime Minister and conveyed substance Deptel 1. [2] He stated Jordan has always respected authority UNTSO and would so continue. Jordan does not wish firing on border and least of all at Jerusalem and in fact it is quite against her interests.

He stated it would be hard to conceive of any of Jordanian initiation since the Arab Legion is under British Officers. The Commander, Glubb, is known for his care but to leave no possibility of doubt Prime Minister had called him in to state there should be no provocation and that ceasefire by fully respected.

Prime Minister asked for tripartite help and appeared genuinely puzzled over reason for Israeli action.

Saw Ambassador Duke immediately thereafter. Prime Minister had made similar statement to him with the additional observation that Jordan respectful of the verbal request but he believed more than words would be necessary for Israel.

MALLORY

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[1] Repeated to Tel Aviv, London, Paris, Cairo, Jidda, Baghdad, Damascus, Beirut, and Jerusalem.

[2] *Supra.*

No. 841

684A.85/7–354: Telegram

The Acting Secretary of State to the Embassy in Jordan [1]

CONFIDENTIAL WASHINGTON, July 13, 1954—12:51 p. m.

11. Embassy should reply as follows note re recent developments Jerusalem Embtel 11: [2]

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[1] Repeated to Jidda, Tel Aviv, Baghdad, Beirut, Cairo, Damascus, London, Paris, and Jerusalem.

[2] Telegram 11 from Amman, July 6, reported that the Embassy had received a note from the Foreign Minister expressing the view that recent developments in Jerusalem threatened the security of Jordan, and that the Jerusalem attack was a camouflage for an impending attack on all of West Jordan. It called upon the United States as a signatory of the Tripartite Declaration to adopt "quick, firm, and effective measures" to compel Israeli respect for armistice agreements and the Tripartite Declaration. (684A.85/7–654)

1. Deep US concern over entire border situation shown by proposals advanced together with UK and France on May 22.

2. We particularly disturbed over firing in Jerusalem both because of exceptionally serious nature and possible damage Holy Places. We note that after most careful investigation UNTSO unable ascertain which party fired first shot and fully endorse General Bennike's injunction that both sides should concentrate on preventing recurrences such incidents.

3. In our view Jerusalem episode symptomatic disturbed conditions along entire border and we hope it will impress on both sides need for cooperation in necessary remedial steps. We believe most effective way achieving stability which all desire is through implementation measures suggested by three powers.

4. No evidence available to us of Israel intention launch attack against Jordan, and we note UNTSO found no evidence either side planned offensive. Should we find that any state is preparing violate frontiers or armistice lines we would immediately take action together with UK and France under Tripartite Declaration.

At its discretion Jidda may communicate above to Saudis in reply message Embtel 15 [3] from King Saud.

SMITH

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[3] In telegram 15 from Jidda, July 9, Ambassador Wadsworth reported that the head of the Foreign Office had called on him with a message from King Saud. After outlining recent events in Jerusalem, the message said: "Saudi Government is highly agitated. It is announcing on Mecca radio that it will give any help asked by Jordan and it has sent instructions to Ambassador Asad in Washington to protest to US Government and United Nations against this Israeli barbarism." (123 Hare, Raymond A.)

No. 842

611.84A/7-1654

Memorandum of Conversation, by the Officer in Charge of Egypt and Anglo-Egyptian Sudan Affairs (Burdett)

SECRET [WASHINGTON,] July 16, 1954.

Subject: Israel

Participants: Mr. Abba Eban, Ambassador of Israel
General Moshe Dayan, Chief of Staff, Israel Defense Forces
Mr. Reuven Shiloah, Minister of Israel
NEA—Mr. Byroade
NE—Mr. Burdett

Mr. Byroade welcomed General Dayan to the United States and inquired whether he had any special points to raise. The General replied that he had come for a tour of military establishments and not to discuss political matters.

Mr. Byroade presented an outline of present United States thinking towards Middle Eastern problems, and expressed hope that Israel would feel able to cooperate with the United States in working towards long term solutions. He mentioned particularly: the increasing communist danger to the area, not through open attack, but through subversion, which almost succeeded in Iran; the concept of the "northern tier"; the growing reaction in Congress to what appeared to be Israel efforts to obstruct the creation of defensive strength in the area; the small quantity of arms going to Iraq, which, as the General knew, could not affect Iraq's military potential for a considerable period; the United States conviction that Iraq would not use the weapons for aggressive purposes; the necessity for the United States to increase its influence in the Arab states as a prerequisite to encouraging arrangements between them and Israel; the belief that Egypt afforded the best prospects of leading the way towards some sort of an arrangement with Israel; United States opposition to, and the harmful effects of, Israel's policy of force; the setbacks to prospects for area stability resulting from Qibya; the United States apprehension that Israel at any time might launch a major attack; the deplorable Israeli campaign against the UNTSO, stressing the unfavorable effect in the United States.

The principal points made by General Dayan were as follows:

1. The United States appeared to be seeking the goodwill of the Arabs at the expense of Israel. The Israel public was worried, not by the positive United States attitude towards the Arabs, but by the negative attitude towards Israel. The United States seemed intent on making Israel weak while making the Arabs strong. An example is United States support for a Jordan River Development Plan which would have the effect of depriving Israel of water which would not benefit the Arabs but merely go to waste in the Dead Sea.

2. Israel did not anticipate an armed attack by the Arab countries in the immediate future but was concerned over this possibility in five to ten years time. United States arms shipments to Iraq were bad principally because of their psychological effect in the absence of similar shipments to Israel.

3. The situation on the border has shown definite improvement since Qibya. Only after Qibya did the Jordanians take effective measures to curb infiltration. (The General inferred that the improvement is a result of the Israel policy of force.) The Egyptian border now gives greater concern than the Jordanian. The replacement of Egyptian troops by trained Palestinian refugees has contributed to insecurity.

4. The General inquired if Israel would be required to pay for the improvement of United States relations with Egypt by giving up a

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corridor through the Negev. (Mr. Byroade expressed astonishment at the suggestion.) General Dayan stated that he felt that Egypt should eventually relinquish the Gaza Strip and absorb the refugees since the Strip would always be a cause of friction.

Ambassador Eban mentioned the British statement warning Israel against an attack on Jordan, and stated that no similar firm guarantees which could command public confidence were available to Israel. The Ambassador indicated Israel would welcome a guarantee which could be relied upon. General Dayan expressed concurrence. Mr. Byroade stated that the United States is determined to prevent any Arab effort to eliminate Israel and that he was certain the United States would employ troops if necessary. He added that the question of a guarantee was still under study.

Ambassador Eban asserted that he felt Prime Minister Sharett agreed with the view that Egypt offered the best propsects for some arrangement with the Arab states. However, he thought that a Suez Base agreement, which did not take into account Israel's interests, would produce an even stronger reaction in Israel than the United States arms agreement with Iraq. The Ambassador said that Israel already had advanced suggestions to the United Kingdom regarding how the effect of the Suez Base agreement on Israel could be minimized. He expressed a desire to discuss this in the near future with the United States. Mr. Byroade voiced concern over a possible outcry in Israel and the hope that Israel would not react in a manner prejudicing the chances of doing business with Egypt. He stated that the United States would be glad to discuss the matter with Israel.

At the conclusion of the conversation, Mr. Byroade stated that he hoped to see General Dayan again after his tour.

No. 843

683.84A322/7-1654: Telegram

The Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, July 23, 1954—8:10 p. m.

41. Banat Yaacov Embassy's 62. [2] We concur in suggestion your last paragraph you approach Sharett informally re recommence-

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[1] Repeated to New York; sent by pouch to Damascus.

[2] Telegram 62 from Tel Aviv, July 16, described a visit to Banat Yaacov by a U.S. Operations Mission water expert, and described factors which might motivate Israel to resume construction in the demilitarized zone. The last paragraph of telegram 61 stated that "on balance, Embassy believes possibility of IG moving to raise issue or

Continued

ment project in demilitarized zone. We assume you will wish couch approach in terms of effect recommencement work in demilitarized zone on our hopes for success Johnston negotiations. For your guidance however and for use your discretion when and if necessary our views on resumption demilitarized zone work and steps we would have to take if work resumed are as follows:

1. While we feel it in Israel's and the area's best interest not have any work on project going on for time being our major concern is that Israel not attempt recommence any work in demilitarized zone. Israel's good faith in attempting cooperate with Johnston Mission reach Jordan Valley accord can be most clearly demonstrated by indication it does not propose attempt any work in demilitarized zone for some time.

2. Obviously work already done in demilitarized zone is designed for substantial Jordan diversion out of basin as well as for hydroelectric development. Israelis and Arabs both know we maintain country is entitled to divert its allotted waters out of basin if it so desires. We have reason hope Arabs will eventually agree this point but resumption now or in near future would impair or destroy this possibility.

3. Resumption work in demilitarized zone can only be undertaken with permission Chief of Staff of UNTSO or SC or through agreement between Syria and Israel. Recommencing work in absence such permission would be as Israelis know serious blow to Johnston Mission. Accordingly if it were undertaken US could legitimately assume recommencement done in full appreciation consequences. Implicit in such action would be decision by Israel to jeopardize deliberately chances Jordan Valley agreement.

4. While SC's examination Banat Yaacov case not now "urgent" it clear to us purpose October 27 resolution was work in demilitarized zone should be suspended pending SC debate. Since SC still seized with case we believe Israel must consider itself bound by resolution. However even were case no longer before SC work could proceed only with permission Chief of Staff UNTSO. October 27 resolution would require Chief of Staff report unauthorized work recommencement to SC, with certain result of renewed "urgent" examination of case.

5. If work is recommenced in the demilitarized zone without conditions in 3 above being met US will be left no alternative but view Israel as defying SC and Chief of Staff. Accordingly we would be forced take this position publicly in SC support any SC action which enforced its authority and give consideration to other measures.

DULLES

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of surprise commencement of work in demilitarized zone is sufficient to warrant informal approach to Prime Minister with expression of hope that IG will not deal blow to prospects of agreement on regional plan by such action." (683.84A322/7-1654)

No. 844

683.84A322/7-2654: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, July 26, 1954—7 p. m.

91. Deptel 41.[1] Herzog, US Division Foreign Ministry, this morning informed me Prime Minister would like to have informal talk with me Tel Aviv Friday.[2] Assured me nothing would be done re recommencement Banat Yaacov DZ construction prior to then.

If Department approves, I would like to develop following line with Sharett:

As result prospective transfer Suez base to Egypt, US program of arms aid to Iraq, other measures required by security of free world, possibility must be contemplated that relative arms strength of countries in area may change within next decade. Decision of US to strengthen free world position in area is a firm one.

Up to present time, Israel has been able to base its security largely, if not entirely, upon its own Armed Forces. If during next decade it enters period when its security cannot be guaranteed exclusively by its own Armed Forces, it will be in no different situation in this respect than US and all other countries of free world. US security today dependent only in part upon its own military might. Latter has to be supplemented by our reliance upon UN, as in Korea, and upon regional arrangements such as NATO, OAS, San Francisco Treaties, etc.

It would appear that Israel at present time faced with choice of basing its foreign policy upon opposition to measures which must be pursued by free world to prevent Soviet aggression in this area; or upon policy similar to that of US in achieving its security. In pursuance of latter, Israel would base its security in part upon its Armed Forces; in part upon measures designed to strengthen role of UN in this area; in part upon possible new and stronger declaration by tripartite powers conceivably supplemented by Turkey; and in part upon an evolving V-shaped pattern of security for area in which US and other major powers would work on one hand with Arab countries and on the other, as developments made it possible, with Israel (present temper of Arab countries does not permit round-table approach at this time nor even arms programs undertaken simultaneously).

If Israel's policy is confined to one of obstruction, difficult to see how deterioration in US-Israel relations can be prevented. If our efforts mutually concentrated upon second course, no reason why they should not remain close and firm, though Israel would have to understand necessity of our working closely with Arabs and would have to have confidence in US intentions during period pattern was evolving. [3]

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[1] *Supra.*

[2] July 30.

RUSSELL

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[3] On July 27, Russell suggested further that at his meeting with Sharett on Friday, July 30, he refer to increasing public discussion in recent months of the possibility that Israel might adopt a policy of aggression, and say that the development of such a policy would, of course, have the gravest consequences for the relations of the two countries. (Telegram 95 from Tel Aviv, July 27, 2 p. m.; 683.84A322/7-2754)

No. 845

784A.5/7-2854: Telegram

The Secretary of State to the Embassy in Israel

CONFIDENTIAL WASHINGTON, July 28, 1954—5:43 p. m.

46. Dept approves general lines exposition set forth Embtels 91 [1] and 95 [2] with following qualifications:

While alteration relative arms strength NE countries may result from Western policies over next decade to extent Israel may not continue dominate area militarily, no intention increase Arab capabilities to point where Israel's security threatened. Would not be in US or free world interest induce conflagration in area it endeavoring stabilize vis-à-vis Soviet.

No reference should be made reaffirmation or expansion Tripartite Declaration.

Suggest inclusion appropriate points Eytan statement Embtel 88 [3] in list references Embtel 95. May be useful contrast confidence which USG has placed in Israel, on basis which USG has assisted Israel economically and politically, with most disappointing lack reciprocal trust on part Israel.

Assume you will cover points re Banat Ya'qub Deptel 41. [4]

DULLES

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[1] *Supra.*

[2] See footnote 3, *supra.*

[3] Telegram 88 from Tel Aviv, July 26, not printed, summarized a radio address delivered on July 25 by Walter Eytan concerning Israel's attitude toward the possible British evacuation of Suez. (641.71/7-2654)

[4] Document 843.

No. 846

684A.85/7–3054: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, July 30, 1954—1 p. m.

107. Deptel 862,[2] Jerusalem telegram 151.[3] Embassy has received following note from Foreign Ministry dated July 29, Jerusalem:

"Ministry Foreign Affairs transmits following comments of IG on proposals contained in Embassy's *aide-mémoire* 19 June:

2. Government of Israel appreciates concern of US Government at security situation in border zones between Israel and Arab States and its attempt, in concert with Governments United Kingdom and France, to devise proposals for reduction of tension.

3. Government of Israel desires to assure US Government that it is ready, as always, to lend most earnest consideration to any suggestion likely to advance cause of peace and reduce tension. From prolonged unhappy experience, it is convinced that root of difficulty—and source of permanent danger—are determination of Arab world to maintain a state of war, and its relentless campaign of economic warfare and hostile propaganda and incitement, breaking out in acts of violence. Under these circumstances, efforts should be directed at removing root of trouble. Parties to armistice agreements must desist from pursuance active hostility and belligerent practices, cooperate genuinely in implementing agreed measures for strengthening border security, and adopt policy of faithful and integral fulfillment all provisions agreements.

4. Government of Israel takes it for granted that US Government continues, as before, to regard scrupulous fulfillment of armistice agreements as indispensable basis, under present conditions, of peace and stability in area. If any new effort aimed at strengthening border security is to succeed, it must be preceded by reaffirmation, on part of states concerned, of their whole-hearted resolve to adhere in future to terms of agreements in their entirety. Israel, for its part, is ready to make such reaffirmation.

5. Any proposal for improvement of inter-state security, based as it must be on armistice system, should in first instance be examined in relation to theory and practice of armistice agreements, which were concluded by direct negotiation and provide for direct contact and consultation as only means ensuring their implementation and, if necessary, their own amendment. US Government is aware that Jordan has failed to honor Article VIII of General Armistice Agreement, that it has repudiated its obligation under Article XII, and that it has, more recently, refused pledge itself to settlement its disputes with Israel by peaceful means, as enjoined by Charter of UN and implicit in General Armistice Agreement. This

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[1] Repeated to London, Paris, and Amman; sent by pouch to Jerusalem.

[2] Not printed, but see footnote 1, Document 836.

[3] Not printed.

practice of selective implementation, if acquiesced in internationally, is liable to lead to imitation and inevitably undermines structure and authority of armistice regime in whole area.

6. Since acceptance of some of proposals now put forward would entail amendment or modification of Israel–Jordan General Armistice Agreement, only way of investing them with binding character would be for parties to agree on them in conference. It was, indeed, precisely in order to review operation of agreement that Israel, under Article XII, asked Secretary-General of UN to invite Jordan to a conference—an initiative which failed owing to Jordan's refusal to attend. Israel is bound to ask itself whether it is at all worthwhile to seek new commitments from Jordan while its former pledges are repudiated.

7. Government of Israel, in examining proposals under reference, finds to its disappointment that not many of them are in fact preventive in character. It notes, moreover, that number of proposals imply radical change in status and function of UN machinery. While armistice agreements, and established practice of their implementation, assign to UN observer staff only such tasks as derive from their freely negotiated provisions, some of present proposals would invest this staff with independent authority. Government doubts whether such a reform extremely problematical in itself, can outweigh decisive drawback of introducing an organic change into legal structure of armistice agreements. Recent failures of UN staff to fix responsibility for violations of the peace do not justify assumption that their efficacy would be enhanced by an increase in their numbers or widening of their powers. In any case, detailed consideration of specific proposals could usefully be conducted only between parties directly concerned, who must see themselves jointly responsible for conclusions reached.

8. Government welcomes suggestion that all borders be clearly demarcated. It has itself long advocated this expedient. It assumes that operation will entail liquidation of pockets of no-man's-land which have given rise to so much confusion and avoidable conflict. Government takes it for granted that, helpful as UN observers can be in process, actual fixing of border lines, if it is to be lastingly valid and effective, must rest on agreement between parties.

9. Government likewise endorses suggestion that physical obstacles be erected at suitable points along frontiers to serve as an impediment to unlawful crossings and as points of vantage for their prevention. To enable these obstacles effectively to serve their purpose, parties would have to undertake their erection and the charge of preserving them intact.

10. As for suggestion to permit movement of Arabs from Gaza strip across Israel territory, government is ready to discuss an arrangement, to be put into effect for an experimental period of fixed duration, whereby it would allow groups of Arabs now in Gaza strip and wishing settle in Jordan to cross Israel territory on understanding they go to Jordan for good. Government could not agree to open its territory to free crossings by any number of people on basis permits issued by an outside authority.

11. Government is in no doubt that consultation and discussion between parties to armistice agreements would lead to agreement

on additional preventive measures which could be carried into effect by cooperation between them.

12. In conclusion, Government of Israel would restate its conviction that remedy for present situation lies in total fulfillment of armistice agreements, in their letter and spirit. It would be most grateful if US Government could use its influence with Kingdom of Jordan to impress on it imperative necessity of restoring full effective validity of General Armistice Agreement to which it is signatory and of proceeding faithfully to discharge its obligations under it."

RUSSELL

No. 847

784A.5/7–3054: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, July 30, 1954—6 p. m.

108. At meeting with Sharett this morning Hakirya, Tel Aviv, I made points contained Embtels 91 [1] and 95 [2] with qualifications of Deptel 46. [3]

Sharett said: Israel relies exclusively on its arms because it has to, because we are leaving Israel calculatedly in the lurch. US giving arms to Egypt and oral assurances to Israel. US talks about requirements of free world and deals with Arabs as members of it but it treats Israel as though not part of it. Even US requires alliances and pledges to supplement its armed forces—Israel has none. It is in gloomy and unrelieved isolation. Talk of aggression by Israel is insulting. Israel's lack of aggression is result of IG statesmanship; "talk of aggression" by Israel public is result of present US policies.

Sharett said he is making statement to Knesset next week on Suez development; felt our discussion of problem most useful; wishes continue it at early date. [4]

RUSSELL

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[1] Document 844.

[2] See footnote 3, *ibid.*

[3] Document 845.

[4] Russell reported further on July 30 that at the meeting with Sharett that morning he conveyed all points of the Department's telegram 41, Document 843, concerning recommencement of construction in the demilitarized zone at Banat Yaacov:

"Sharett said he felt tone of US request was threatening. Johnston, when here, had only asked that construction be deferred during period of his visit to area. Sharett said IG is entitled to resume construction and it must be left to its judgment as to whether and when.

"I told Sharett there was possibility Johnston would be returning on Jordan valley project within two or three months and considerations that made it undesirable resume construction when he was here equally applicable now." (Telegram 109 from Tel Aviv, July 30, 5 p. m.; 683.84A322/7–3054)

No. 848

684A.85/8-354: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, August 3, 1954—7 p. m.

125. Moshe Keren, former Counselor Israeli Embassy Washington, presently chief editorial writer *Haaretz*, yesterday in reply my question as to danger of Israel outbreak said he does not believe serious danger of deliberate aggression by Israel. Believes as result present policy impasse between Israeli Government and Western Powers, sense of insecurity, frustration, and ill-will toward major powers, and particularly US likely to increase and foresees continuation present uneasy border relations between Israel and neighbors but, in absence of "a Qibya in reverse", does not believe Israeli Government will resort to outburst".

Keren said Ben Gurion has stated, and Keren believes, he will not return as Prime Minster as long as present party system continues with its innumerable squabbles and ability minority parties to hold up government action, and Keren believes no likelihood of party system change in near future. While Keren bitterly disappointed at Sharett's unwillingness to change "present obstructive and sterile policy toward US" he believes Sharett has broad political support within government and is generally successful in resolving inter-party differences. Keren does not believe Lavon has sufficient backing to take over government.

Israel will undoubtedly continue its policy of reacting in strength to Arab border infringements. There is danger this may lead to Arab counter-reaction which would serve as excuse for Israel attack. IDF and supporting "activist" group have capability of promoting this kind of development and in this way could outmaneuver more moderate Sharett faction. Also, Francis Offner, Israeli *Christian Science Monitor* correspondent, believes there is element of danger in facet in Israeli character which may lead them, in face of a deteriorating international position, to gamble everything on a dramatic, desperate move to assert dominance even though it may be demonstrably against their best interest.

Embassy comment: Despite negative response to tripartite border proposals (Embtel 107)[1] and to Chargé's suggestions (Embtel 108),[2] Embassy will, if Department approves, emphasize in discussions with Israel Government officials and friends of Israel:

(a) That present Israel Government policy is contraproductive of Israel's avowed long-term objectives;

(b) That there is an alternative cooperative relationship which could assure Israel's security and strengthen its role in free world;

(c) That Israel Government has regularly in past year or two tripped up US in its efforts to deal with area problems and lessen area tensions, notably on Jerusalem problem (by sudden move of Foreign Ministry), obtaining Jordanian cooperation in dealing with border problem (by Qibya), strengthening UN (by withdrawing from Israel–Jordan MAC), developing Jordan Valley plan (by flouting UN on Banat Yaacov), and strengthening area security through obtaining Arab cooperation (by policy of converting isolated border firings into major engagements). During next few months, following Suez agreement and as US program of aid to Egypt is getting underway, also following assumption of responsibilities by new Chief of Staff of UNTSO, we will have best opportunity of obtaining Egypt's cooperation in giving leadership to improvement of relations with Israel. We hope that Israel will consider most carefully whether its response to tripartite proposals, attitude re Banat Yaacov, position re area security, absence from Israel-Jordan MAC, statements of its leaders, its border policies, and other actions are most conducive to the success of our effort, and what courses of action will remain available if this effort fails.[3]

RUSSELL

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[1] Document 846.

[2] *Supra.*

[3] On Aug. 9, the Department authorized the Embassy to develop the points contained in its telegram 125 in conversation with Israeli officials. (Telegram 77 to Tel Aviv, Aug. 9, 8:19 p. m.; 784A.5/8-954)

No. 849

641.74/8-454: Telegram

The Ambassador in Egypt (Caffery) to the Department of State[1]

SECRET PRIORITY CAIRO, August 4, 1954—2 p. m.

162. Minister Foreign Affairs asked to see me today to make several observations:

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[1] Repeated to London.

(1) Egypt very definitely wants to get along with Israel and knows that one day she will have to face up to peace treaty but time is not ripe yet.

(2) Egyptian authorities will make no declarations attacking Israel. He spoke of recent declarations of himself and Prime Minister making clear that Egypt has no intention of attack Israel (Embassy telegrams 154 and 158).[2]

(3) Egyptians are urging British to go ahead fast as possible with negotiations for final agreement. They suggested that committees report on August 24 and agreement be signed September 1. British agree in principle on moving fast but do not believe final agreement can be reached by September 1.

(4) Egyptian Intelligence Service reports evidence that Israelis preparing incidents designed to upset agreement with British. I asked what evidence and he gave me nothing specific.

(5) He remarked that Egypt has respect for tripartite declaration but would not like to see Turkey in a reaffirmation of it.

(6) The interested Egyptian authorities are now studying the draft cover agreements for economic and military aid. He said he prefers to go very carefully over them with his colleagues in order to make them understand thoroughly all the implications thereof.

CAFFERY

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[2] Neither printed.

No. 850

683.84A322/8-454: Telegram

The Secretary of State to the Embassy in Israel[1]

SECRET WASHINGTON, August 4, 1954—7:20 p. m.

60. As introduction his remarks to Secretary today reported by separate telegram[2] Eban said Israeli mood of concern and apprehension had been increased by recent conversation Russell with Sharett in which Russell had unexpectedly raised Banat Yaqub question in negative fashion. IG stunned by this unprovoked *démarche* which seemed indicate US opposed to project itself. Ambassador contrasted this with previous constructive attitude Department and assurances we did not wish to see dead hand laid on utilization Jordan waters. Asserted report by international experts

sent out by UN Secretary General had endorsed project with certain safeguards which Israel would be prepared accept. Pointed out Israel had agreed to "temporary stoppage" of work on project at Security Council request but this "temporary stoppage" had now lasted eleven months.

Jernegan who was present said there must have been misunderstanding. *Démarche* re Banat Yaqub had been made because of report circulated at UN Israel contemplated early resumption work in demilitarized zone and because inquiries made at working level in IG had resulted in non-committal replies. We did not intend oppose project as such but were concerned at political repercussions if work unilaterally resumed without approval UN authorities and in absence overall agreement on Jordan development.

Eban expressed appreciation for clarification but insisted Sharett had obtained different and completely negative impression.

DULLES

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[1] Sent by pouch to London, Cairo, Jidda, Amman, Beirut, Damascus, and Baghdad.

[2] *Infra*.

No. 851

641.74/8-454: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, August 4, 1954—7:20 p. m.

61. During call on Secretary August 4 Israeli Ambassador made following points:

1. Suez Base Agreement was of revolutionary importance for Israel as well as Near East as whole and IG felt obliged discuss repercussions with US and UK. Circumstances settlement along with other recent developments had produced mood deep concern and apprehension in Israel.

2. Israel however did not oppose Suez Agreement in principle. Considered it triumph of negotiation and could understand its welcome in Egypt, US and UK. Nevertheless it could have by-products damaging to Israel:

a. On military side fact evacuation of Canal Zone by British removed existing restraint on Egyptian forces and destroyed utility Sinai area as buffer zone between Egypt and Israel. Furthermore inheritance by Egypt of base facilities would increase her military power. This would be accentuated if Egypt received military aid from US. Such aid would be especially disturbing following on heels military aid agreement with Iraq.

b. On political side settlement occurs at time when Egyptians have become more threatening toward Israel and high officials

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[1] Sent by pouch to London, Cairo, Jidda, Amman, Beirut, Damascus, and Baghdad.

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have made statements that settlement freed their hands regarding Israel.

3. Settlement being made without obtaining any assurance Egypt would desist from illegal Suez blockade of Israeli trade.

Most troublesome element is that proposed military aid to Egypt and other US actions favoring Arabs being taken without any compensating move favoring Israel. When US promised arms to Pakistan we offered discuss similar arrangement with India. No such offer being made in present case. Furthermore Israel was totally lacking in any sort of reliable guarantee. Could not take tripartite declaration as adequate because it lacks any specific obligation on parties. Is not binding and is already undermined by change in balance being brought about through military assistance to Iraq and Egypt.

5. If Israel left facing hostile neighbors and US continues present negative attitude Israel likely become nervous embattled armed camp obsessed with military preparedness at expense economic and social progress.

6. Israel thinks it reasonable ask for at least three things:

a) Grant military aid to balance that given Arabs; b) firmer guarantees against aggression; and c) lifting of Suez blockade.

Secretary replied as follows to Eban's remarks:

1. Could understand why Israel might feel disturbed over developments but she should realize that while we trying to help achieve Suez settlement we never intended it to prejudice position of Israel. Situation in Egypt had been alarming, close to war. Its perpetuation would have produced evils in much of world.

2. At first sight certain by-products of settlement might not seem favorable to Israel but anticipated dangers not immediate. British evacuation would take about two years.

3. Israel should be aware of US concern for her future which was such we would not for one moment tolerate action by her neighbors to injure her. According our information Israel today is much stronger than her combined neighbors. We do not intend alter ratio to make them stronger than Israel.

4. US intends stand back of tripartite declaration. We prepared honor it and react under it against aggression. Even though it is not possible commit ourselves in advance to military action without consent of Congress financial and economic measures are within power of Executive. Israel can be confident we would take such measures if necessary and would consider further action. We probably could do no more even if we had treaty with Israel.

5. Basic friendship American people for Israel is well known and unique so far as Near East concerned. Nothing has happened to change that friendship. Israel need not feel alone or abandoned.

6. It is true removal of strains on Arab states may strengthen them but Israel cannot expect us perpetuate those strains just to keep Arabs weak vis-à-vis Israel. Our program of arms for Iraq designed promote situation in area basically favorable to Israel. Secretary emphasized this to Jamali recently. We will carefully examine proposed arms program for Egypt, which is likely to be minor in character and will not shift power balance.

Secretary promised give further study points made by Ambassador and suggested they have another meeting before Eban's departure. (This meeting scheduled August 7.)

DULLES

No. 852

683.84A322/8-654: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, August 6, 1954—2 p. m.

138. Deptel 60. [2] My statement to Sharett followed exactly Deptel 41, [3] except for cryptographic requirements.

In addition to discussion reported Embtel 109, [4] Sharett said he felt US could have made simple request without detailing measures we would take in event of non-compliance. I replied we attached great importance to efforts being made at this time to make progress on some of Israel-Arab problems and felt it most important there be no actions on either side which would have effect of stunning them. I conjectured our disappointment at our lack of success when we made simple request IG not move Foreign Ministry to Jerusalem (Embtel 1399, March 4, 1953) and again, when few weeks before Kibya, we expressed our deep concern at Israel's resumption of reprisal methods (Deptel 154, August 22, 1953) may have led Department to think IG would wish to understand full extent of our hopes for greater success in capitalizing on present opportunity for improving situation.

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[1] Repeated to London, Cairo, Jidda, Amman, Beirut, Damascus, Baghdad, and Jerusalem.

[2] Document 850.

[3] Document 843.

[4] Not printed.

Eban's statement to Secretary may be way of changing Prime Minister's negative response to our request for further temporary extension of demilitarized zone work stoppage, by saying IG prepared hold up construction temporarily but not permanently as it thought US had originally requested.[5]

Russell

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[5] Russell subsequently reported that in a conversation on the evening of Aug. 6 with Herzog, the Acting Head of the United States Division of the Israeli Foreign Ministry, the Chargé referred to Eban's remarks to the Secretary (as reported in the Department's telegram 60 of Aug. 4). Herzog said both he and Sharett understood the Department's position perfectly and the misunderstanding must have been Eban's. (Telegram 143 from Tel Aviv, Aug. 7, 2 p. m.; 683.84A322/8-754)

No. 853

684A.85/8-654: Telegram

The Secretary of State to the Embassy in Jordan[1]

SECRET WASHINGTON, August 6, 1954—7:33 p. m.

38. During informal talks here Dayan (1) emphasized importance fostering direct contact between officers two parties responsible for border security; (2) asserted prepared reinstitute "local commanders agreements" extending system to Egyptian border provided meetings held between commanders with sufficient authority actually take steps needed preserve tranquility. Dayan reluctantly agreed use of name "local commanders agreement". He suggested contact might be established first between Israel and Jordan commanders Jerusalem and Israel and Egyptian commanders Gaza strip. Hart recalled statement by Glubb Legion understanding orders enter into such arrangements.

We continue believe contacts between local commanders could contribute significantly avoidance incidents and wish encourage resumption meetings. Request views addressees re practical steps we might take.[2]

Dulles

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[1] Sent to Cairo as telegram 205, Jerusalem as 10, and Tel Aviv as 67; repeated for information to New York and by pouch to London.

[2] A memorandum of this conversation is in file 674.84A/8-554.

No. 854

784A.5/8-754: Telegram

The Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, August 7, 1954—3:45 p. m.

72. Resumed conversation between Secretary and Israeli Ambassador today (re Deptel 61) [2] covered following ground:

1. Secretary said he had been impressed by Ambassador's statements regarding Israel's isolation. He wondered if it would be any advantage to Israel to have an exchange of notes with US in which we would reiterate our policy, which had been approved by NSC, of being prepared cut off all military or economic assistance to any country in Near East area undertaking aggression and would say that if any military imbalance should develop endangering Israel we would be prepared at least to consider military aid program for her and to seek funds from Congress for that purpose. Eban said he would have to think about this and would wish consult his Government during his forthcoming consultations in Israel. Offhand, he thought such exchange would be helpful provided it contained some concrete assurance that military aid to Arabs would be balanced by military aid to Israel. Ideally, Israel would like have promise aid negotiations would begin simultaneously or nearly so with Egyptian negotiations. Such promise need not be made publicly.

Secretary said he did not exclude possibility asking next Congress for military aid funds for Israel provided by that time we convinced military imbalance was developing. Emphasized he had not had time discuss suggested exchange of notes with President, or military or Congressional leaders. Thought it might be possible include something more than mere restatement generalities regarding our policy.

2. Eban said he had communicated with Sharett and was authorized say it incorrect assume Israel presently equal to Arabs in military equipment. Israel had been very careful avoid letting this be known since it was obviously to its advantage have Arabs believe in Israeli military superiority, and he asked that we keep this information very confidential. Asserted that in aircraft, artillery and tanks, Israel was inferior to Egypt alone. If all Arab States taken together, disparity much greater. For example, Arabs had three times as much artillery. Anything at all given to Egypt would add

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[1] Sent by pouch to London, Cairo, Jidda, Amman, Beirut, Damascus, and Baghdad.

[2] Document 851.

to already existing imbalance. Ambassador admitted Israel had some advantage in greater efficiency her forces and some psychological advantage in Arab fear of her strength but said this not sufficient protection.

3. Secretary emphasized his personal conviction that policy US following in Near East is to benefit of Israel. He believed policy is being successful in softening Arab attitudes towards Israel. Contrary to Ambassador's statements, he found no evidence of increasing hostility in Egypt. Latest statements by Naser disclaimed hostile intentions. Secretary wanted Israel Government to know US Administration will not consider its Near East policies successful unless they result in Arab–Israel peace. Israelis may disagree with our methods and might prefer that we adopt more direct approach. This would be honest difference of opinion. He hoped, however, Israeli's would accept his statement of our motives and objectives. Eban replied he did not question aim of our policy but only wisdom of certain actions. Did not ask that we change policy but only that we preserve Israel's faith in West by balancing favors to Arabs with acts favorable to Israel.

4. Ambassador raised question of Suez blockade with specific reference to harm done Israel by cutting-off of oil supplies to Haifa refinery. Recalled past arguments that this was academic because Arab producing states would not permit oil to flow to Haifa even if Canal blockade raised. Said this situation altered by signing of Iranian oil agreement. Israel believed Iran would sell oil to her. In this light could not US take this up with Egypt? Need not be connected with Suez Base Agreement and Egyptian action to relax restrictions need not be publicly announced. US should insist on this as condition to starting proposed new economic aid program to Egypt. Would be illogical to launch program to strengthen economy of area while at same time permitting Egypt continue practice which weakened area economy.

Secretary said we might be able do something on this score but could not make it condition to extending economic aid to Egypt. We had promised such aid more than year ago if Suez settlement reached. Could not now go back on that promise.

5. Jernegan observed US Government could find no evidence whatsoever of any intent on part of any Arab State to reopen hostilities with Israel in near future. Said this diminished urgency of any action re military imbalance which Israelis feared. Eban agreed Israelis own estimates showed no early danger of military attack but argued that announcements of military aid to Arabs justified fears for future and created immediate politico-psychological crisis and need for re-assurance.

After leaving Secretary's office, Eban remarked he was encouraged by this conversation.

DULLES

No. 855

684A.85/8-754: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, August 7, 1954—4 p. m.

179. Reference: Deptel 205. [2] Embassy found opportunity sound out Gohar re current Egyptian position on local commanders agreements today.

Gohar said he has repeatedly told Israelis situation Gaza Strip unlike Jordan since only fifty kilometers long and they can come to Egyptian checkpost any time and he or other officer can meet them within 15 minutes. Gohar has also repeatedly urged police sub-committee be set up to handle minor questions.

Gohar said Israelis always refuse any arrangement involving police officers and UN observers and insist that "local commanders" should meet.

Re Israeli attitude, Gohar said it is on record in minutes of EIMAC that Israelis said "It is better to kill the infiltrator than to hand him over".

Comment: Dayan emphasis on direct contact between "officers" believed here to indicate Israeli desire exclude UN observers and avoid practical arrangements at police level.

CAFFERY

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[1] Repeated to London, Amman, Jerusalem, and Tel Aviv.

[2] Printed as telegram 38 to Amman, Document 853.

No. 856

684A.85/8-954: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, August 9, 1954—3 p. m.

147. Deptel 67. [2] Embassy agrees most effective single means of dealing with infiltration problem is establishment of arrangements

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[1] Repeated to Cairo, Amman, Damascus, Beirut, Jerusalem, and London.

[2] Printed as telegram 38 to Amman, Document 853.

whereby local authorities on both sides can cooperate to deal informally with problems on the spot and as they arise. Believe following points would help to make such arrangements more effective:

(1) Cooperating authorities should be civilian police rather than military. IG police likely to be less reprisal-minded than IDF and less overbearing in meetings.

(2) On Arab side, local authorities should be given greater authority to deal with specific situations without necessity of referring to higher authority which either results in no action or in delays reducing effectiveness of action.

(3) If inauguration of local arrangements could be tied in with action on tripartite proposals it would give them a context more likely to result in success though they should not be unduly delayed on that account.

(4) Right of either side to ask UNTSO use its influence with other to stop foot-dragging.

(5) If above suggestions adopted, name "local commander agreements" might be changed to one that would be more accurate, such as "local police meetings".

RUSSELL

No. 857

684A.85/8-1054: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

SECRET AMMAN, August 10, 1954—4 p. m.

45. Department telegram 38. [2] HKJ has always supported local commanders meetings as best means minimize border friction. In view intransigent statements Defense Minister Lavon re UNTSO and MAC to Israeli press correspondents as reported NEA policy report July 21, it is hoped top Israeli officials will realize importance such meetings.

Jordan stands prepared reinstitute local commanders meeting even though it suspects Israel will continue to pay them no more than lip service. US could allay Jordanian suspicions by attempting persuade Israel to give local commanders meetings a real and wholehearted try.

Re Tel Aviv telegram 147 [3] to Department, Embassy makes following observations:

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[1] Repeated to Tel Aviv, Cairo, New York, London, and Jerusalem.

[2] Document 853.

[3] *Supra.*

1. Heretofore, Jordanian delegates to local commanders meetings have in some instances been Arab Legion Officers and sometimes police officers. HKJ agrees, however, in principle that cooperating authorities should be police officers since task is essentially of police nature. It is hoped that fact Jordan police are under administrative control of Arab Legion will not give Israel occasion to reject procedure on basis of legalism.

2. Embassy not aware that Jordan local commanders have in past delayed effectiveness of local commanders agreements by necessity of referring to higher authority.

3. As far as HKJ is concerned, success of local commanders meetings entirely dependent upon Israeli cooperation.

4. Embassy agrees UNTSO should be in position to use its influence to stop foot-dragging.

5. Embassy agrees "local police meetings" might be better name and believes HKJ would go along.

MALLORY

No. 858

674.84A/8-1054: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, August 10, 1954—5 p. m.

150. At Prime Minister's invitation, I paid visit at his home Jerusalem yesterday afternoon (Deptel 792, paragraph 3),[2] first of such informal exchanges of views since he moved his residence from Tel Aviv to Jerusalem (Embtel 82).[3] He was in relaxed and cordial mood. He referred to Eban's meetings with Secretary and said Eban's cables had been encouraging. He expressed no views concerning specific items of Washington discussion, saying he was awaiting full report from Eban following his arrival here within next few days. He said he had reported on conversations to Cabinet. It was obvious Secretary's statements to Eban had had ameliorating effect on Sharett's general view of Israel's situation.

Although I had not then received Deptel 77,[4] I took advantage of what seemed especially favorable opportunity to develop points outlined last paragraph Embtel 125[5] and last half last paragraph Embtel 131.[6] I said that all our efforts during past few years to

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[1] Repeated to Cairo, Amman, London, and Jerusalem.

[2] Document 825.

[3] Not printed.

[4] Not printed, but see footnote 3, Document 848.

[5] Document 848.

[6] The last paragraph of telegram 131 from Tel Aviv, Aug. 5, began with a list of opportunities for progress in solving problems of the area:

Continued

induce Egypt to relax blockade and assert its leadership of Arab world pointed toward improved relations with Israel had been put off with statement all GOE energies had to be concentrated on Suez base solution. As result our known influence in achieving agreement on that and as result of contribution United States willing to make to assist GOE in improving economic conditions in Egypt we are now at point we have for so long been working toward. Opportunity of present moment further strengthened by arrival new Chief of Staff of UNTSO and tripartite border proposals. Said I felt Israel could not lose if it helped create atmosphere in which our efforts would be most likely to succeed. If we did succeed, Israel would be nearer to normal relations with its neighbors which it so much needs and desires. If we did not succeed, Israel's thesis re impossibility of doing business with Arabs would have been given substantial added weight. And in any event no significant power changes would have taken place during period in which effort being made. On other hand, if this unique opportunity failed due to Israel's obstruction on any one of numerous possible fronts, US public would attribute large share of blame for free world's difficulties in area to her. (My remarks accorded with caution contained in Deptel 77.)

Sharett said line of thought was of greatest interest, expressed appreciation and said he would report conversation to next meeting of Cabinet. He expressed fear, however, that US would become so involved with Egypt that it would after a while be impossible for us to exert any pressure upon Egypt to change its attitudes and policies towards Israel, citing Britain's relationship with Jordan as example; said he felt, therefore, US should announce immediately no US aid of any kind would be forthcoming until Egypt had fully complied with certain specified demands, such as Suez passage. I pointed out that this constituted difference of view only with respect to tactics and manner of approach, that we felt GOE entitled

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"(a) Tripartite border proposals; (b) Arrival of new Chief of Staff of UNTSO; (c) Improved standing of US with Egyptian Government as result its role in assisting Suez arrangement, possible willingness build high dam on Nile and give other economic and military aid. IG cannot lose if it should cooperate fully by word and deed during next six months (during which, in any event, no significant power changes would be completed) to capitalize on latter. If we succeed, we shall have secured cooperation of leading Arab nation in steps toward peace Israel wants. If Egyptian cooperation not forthcoming it will have been demonstrated that Israel was right that Arabs are unreliable and review of US position will presumably be necessary. If, however, during this critical period Israel continues its policy of obstruction, hinders implementation tripartite proposals, pursues policy of reprisals, recommences construction in Banat Yaacov demilitarized zone, issues statements attacking US and Egypt or attempts unrealistically to insert itself into negotiations, then onus for failure of what may be best opportunity to move toward peace in the area will rest with Israel." (741.5637/8–554) to time in which to take steps to work out a constructive approach and prepare Egyptian public opinion.

Meeting lasted more than an hour and ended with Sharett's expression of greatest appreciation of Secretary's and Chargé's awareness of Israel's situation and sincere desire to help her deal with it, though he feels US overestimates possibility of obtaining Arab cooperation.

RUSSELL

No. 859

684A.85/8-1154: Telegram

The Consul at Jerusalem (Cole) to the Department of State [1]

SECRET JERUSALEM, August 11, 1954—3 p. m.

39. Suggestions thus far received from UNTSO officers re practical steps (Deptel 10, August 6) [2] encourage resumption local commanders meetings summarized herewith: (1) If in near future Israel can be persuaded attend MAC meetings UNTSO would be in best position encourage both sides resume local commanders meetings. Otherwise, US Government could presumably approach both Israel and Jordan urging them resume meetings assist in their own interest independently participation MAC.

(2) Following conditions are believed essential success if meetings resumed: (a) UN observers should attend meetings. Owing recent incidents such as Jenin (mytel 36, August 5) [3] Jordanians are fearful and doubtless would not appear at meetings without protection afforded by presence UN personnel; (b) Each side should give its local commanders authority control border situations on the spot. Meetings would prove largely futile unless Jordanian members given real power deal immediately with local matters and individual cases.

(3) Following conditions, while perhaps not essential, should be obtained if possible. (a) Participants meetings should be police officials rather than military owing generally more cooperative attitude former; (b) Meetings between opposite numbers should be frequent, in fact almost daily if practicable. Otherwise both sides tend to draw apart and cooperation is soon lost.

(4) Sincerity Dayan's statements viewed with some scepticism here. It is also recalled that Israelis did not previously view with

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[1] Repeated to Cairo, Amman, Damascus, Beirut, Tel Aviv, and London.

[2] Printed as telegram 38 to Amman, Document 853.

[3] Not printed.

favor attendance UN observers at local commanders meetings. However, will continue explore subject and report any suggestions re steps we might take effect resumption.

COLE

No. 860

684A.85/8-754: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, August 12, 1954—5:32 p. m.

240. Deptel 205 Cairo,[2] Cairo 179, Tel Aviv 147, Amman 45, to Dept.[3] Dayan apparently had meeting of military rather than police commanders in mind. View Gohar's expressed willingness meet Israel counterpart and since arrangement in Gaza area would require only one as opposed to perhaps three meetings along Jordan frontier Dept. inclined suggest Embassies Cairo and Tel Aviv endeavor arrange meeting between Israel and Egypt commanders for some time after 20th. Tel Aviv might explain to Dayan that although Department officers gathered from Washington talk he would prefer first meeting take place between Jerusalem commanders Department feels less complications involved if start made in Gaza. Present concern in Jordan over impending changes UNTSO personnel would also appear indicate advisability making first attempt in Gaza.

Both Embassies should stress to governments importance USG attaches arrangements designed lessen incidents along frontier and sincere US hope that out of this first meeting a workable procedure for lessening tensions Gaza and elsewhere might evolve. Topics for discussion might include improvement methods for prevention infiltration and reduction instances nervous unauthorized firing by forces across armistice lines. Will be recalled April discussions broke down when Israelis attempted broaden agenda to point where Egyptians feared "peace talks." Governments should be urged limit agenda to border problems which Emb Tel Aviv might emphasize must be resolved to foster atmosphere conducive settlement other Israel-Arab issues.

DULLES

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[1] Sent also to Tel Aviv and Amman.

[2] Printed as telegram 38 to Amman, Document 853.

[3] Documents 855-857.

No. 861

684A.85/8-1454: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET CAIRO, August 14, 1954—2 p. m.

203. When approached re substance Department's 240 August 12 Gohar reiterated Egyptian willingness to meet informally with Israelis in order to agree on ways and means to mitigate border tensions and prevent incidents. However, he asserts only way that this can be done with any hope of success is by having meeting between "the men who know" i.e., the senior delegates of each side in the EIMAC. Egyptian-Israeli frontier only fifty kilometers long (Embtel 179, August 7). Egypt would be prepared implement faithfully any understandings reached at such a meeting and he did not preclude possibility of contacts between commanders being agreed upon although on the Egyptian side he did not see how this would be of much use. "Our commanders will do what I say". Gohar reiterated idea that an Egyptian-Israeli police subcommittee of the MAC could achieve more than anything else. He reminded Embassy officer that on May 4, 1952, he had suggested to Israelis at MAC meeting that there should be mixed Egyptian-Israeli border patrols to arrest infiltrators. After first agreeing in principle, Israelis reversed themselves and said their policy was to kill, not arrest, infiltrators.

Gohar said he knew nothing about incident paragraph 1 Tel Aviv's 159, August 13 to Department. [2] Re paragraph 2, he said Israeli patrol crossed line; was warned by machinegun bursts turn back and after doing so mortared Egyptian outpost. No casualties.

Comment: Gohar is irked by Dayan's "propaganda" in US to effect Egyptian side not cooperative and suggesting that Gohar regards as "quite useless" meetings between commanders who are not qualified deal with civilian troublemakers. In his view MAC aegis essential; on this basis he will talk Israelis any time.

CAFFERY

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[1] Repeated to Tel Aviv and Amman.

[2] Paragraph 1 of telegram 159 from Tel Aviv, Aug. 13, 3 p. m., summarized a press report of a border incident in the Gaza Strip on Aug. 1. (674.84A/8-1354)

No. 862

641.74/8-1654

Memorandum of Conversation, by Robert L. Burns of the Office of Near Eastern Affairs

SECRET [WASHINGTON,] August 16, 1954.

Subject: Suggested United States Initiative Regarding Suez Blockade and Status of United States–Israel Relations.

Participants: General Smith
Rabbi Abba Hillel Silver
NE—Mr. Burns

Rabbi Silver referred to a previous conversation he had had with Mr. Sherman Adams of the White House wherein he said it was agreed there has been no change in the unsatisfactory state of affairs between Israel and the Arab states and some means should be found to break the log jam presently blocking progress toward a settlement of the problem. There recently have been significant developments in the Near East area, but none of them has altered the Israel-Arab situation. However, it appears that United States-Egyptian military aid negotiations provide an opportunity for the United States to contribute toward a solution of the Israel-Arab problem. The United States should call upon Egypt to lift the Suez blockade of Israel shipping. A break in the Arab economic warfare front against Israel could be the first step in the slow and tedious process of settling Israel-Arab issues.

The Under Secretary said peace in the Near East is a fundamental objective of United States policy. Egypt is believed to afford the best prospects of moving toward a settlement with Israel and Premier Nassir recently has made encouraging statements in this regard. Several Arab states would be quick to follow Egypt's lead. The United States has increasingly made known to Egypt its opposition to the Suez blockade. The United States considers a lifting of the blockade a primary objective in its dealings with Egypt.

Rabbi Silver said United States' agreement to furnish arms to Iraq and the prospect of a similar agreement with Egypt have caused the deepest concern in Israel. He knew these were matters which Ambassador Eban had discussed with the Secretary and the Under Secretary. He said he does not agree with those who claim the present Administration has turned its back on Israel, but there has been a conspicuous lack of friendly statements toward Israel by Department officials coupled with unfortunate speeches which served no constructive purpose either in the United States or in Israel. The present feeling of isolation and fear in Israel, if unrelieved, might make Israel into a military state. If the Department could make some sort of public gesture to encourage the Israelis to feel they can still look upon the United States as a big brother, the present trend in Israel opinion could be checked.

The Under Secretary said the Secretary had been impressed with the concern felt in Israel and was considering possible means whereby that concern might be allayed. The Under Secretary did not feel Israel's fears concerning a military imbalance in the area were warranted, even though collectively the Arabs might have more pieces of military equipment than Israel. Moreover, the stabilizing influence of British troops at Suez will remain for some 20 months. There is no reason why Israel cannot receive the same treatment as regards military aid as other states in the Near East and this is, in fact, under active consideration. *

The Under Secretary concluded that the history and nature of the relationship between the United States and Israel, including the United States' role in the creation of the state, is not one which indicates the United States would sit back and permit Israel to be destroyed; the United States had made this clear many times in many ways.

On leaving, Rabbi Silver said he was very much encouraged as a result of his discussion with the Under Secretary.

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* The Under Secretary here was referring to recent statements made to Ambassador Eban by the Secretary that, under certain conditions, the United States would be willing to consider military aid for Israel. [Footnote in the source text.]

No. 863

674.84A/8–1854 Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET TEL AVIV, August 18, 1954—6 p. m.

179. Line of thought I advanced with Prime Minister (Embtel 150)[1] and have been pressing upon others as occasion offered seems to be receiving serious examination. Difficult to estimate which of three general attitudes currently being taken will emerge as official position:

(1) Foreign Ministry, while it decries Egyptian development, feels nevertheless situation might be made to offer prospect of improvement in Israel-Arab relations; that at least IG should not put itself in position of blocking US effort to induce Egypt take steps toward normalizing its relations with Israel. Varying degrees of skepti-

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[1] Document 858.

cism, however, expressed over prospects of success. In addition to Prime Minister's statement (Embtel 150), Eytan, Rafael, and Herzog last evening all expressed interest.

(2) Eban last evening commented US may have acquired position enabling it exert some influence on Egypt to move toward peace but in the process had lost its ability to influence Israel to cooperate and could only re-acquire it by substantial proof friendship, such as immediate grant of arms aid.

(3) Minister of Defense Lavon at dinner night before last took position US definitely and hopelessly pro-Arab and my suggestion merely effort to give favorable interpretation to anti-Israel policy.

In my discussion with Eytan and Eban I expressed hope Israel would not make any statements which would put Egypt in position, with Egyptian public and Arab world generally, of appearing to submit to Israel "demands" if it should move toward peace. What Egypt might be willing to do on its own, or as result of UN, US, or tripartite suggestions, it might be unable to do under Israel pressure. I said I thought some of Israel's public demands upon Jordan had resulted not only in increased Jordan intransigeance but in inability of Britain, ourselves or even UN to exert helpful and friendly influence upon Jordan. Also said I thought situation was not one that lent itself to formalizing of US position; but was rather one of Israel basing its actions and statements upon criterion of whether it would produce atmosphere most conducive to our efforts to induce Egypt to take gradual steps toward peace. While peace could not be achieved in next six months, it would be shown during that time, by tenor of GOE's public statements and trend of its canal policy, whether it was moving in right direction or not.

I told Eytan and Eban, in reply their question, I was not in position discuss possible reaffirmation and strengthening of tripartite declaration (Deptel 89). [2] I gathered, however, from Eytan that his present position on desirability of such a step is more positive than indicated in his radio talk of July 25 (Embtel 88).[2] He said that Cabinet at its meeting on August 22 would discuss Eban's report of his discussions with Secretary and any further light I might shed on question prior to that meeting would be most useful. (British Ambassador this noon informed me he was thinking seriously of recommending to Foreign Office that Britain enter into "treaty of guarantee" with Israel similar to that which it has with Jordan as means of allaying Israel insecurity.)

Recent discussions Washington and here have had effect, temporarily at least, of creating divided counsels in IG re policy toward

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[2] Not printed.

US, in light of previous exclusive concentration on denouncing US policies.

Eytan said he had met with Bennike and Vigier yesterday morning to discuss possible agreement on series of border proposals UNTSO had put forward recently (paragraph 1 Embtel 157)[3] but that meeting came to nothing.

Eban said Dayan was given most courteous reception wherever he went in US; that his trip was from IG point of view most useful and successful. I urged that Dayan upon return make statement to that effect, correcting opposite impression created by local press.[4]

RUSSELL

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[3] Paragraph 1 of telegram 157 from Tel Aviv, Aug. 12, contained a report of an unofficial luncheon at which Eytan and Tekoah were said to have urged that the U.N. Truce Supervision Organization should proceed as soon as possible with an effort to bring about implementation of the recent border proposals. (674.84A/8-1254)

[4] On Aug. 20, the Department acknowledged telegram 179 from Tel Aviv, stating that it was still formulating a position with respect to a possible formal assurance to Israel and was unable to communicate its views in time for the Embassy's use prior to the Aug. 22 cabinet meeting. (Telegram 101 to Tel Aviv, Aug. 20; 674.84A/8-1854)

No. 864

684A.85/8-1754 Telegram

The Secretary of State to the Embassy in Jordan [1]

SECRET WASHINGTON, August 18, 1954—7:24 p. m.

61. In light Dayan's willingness urge Israel participation in meeting HKJ and Israel commanders Jerusalem sector late August (Deptel 67 to Tel Aviv[2] and Tel Aviv 173 to Dept[3]) and in view statement last para Jerusalem's 45 to Dept.,[4] request Amman's and Tel Aviv's views as to practicability their approaching governments soonest to urge such meeting. Should this approach be made without awaiting definitive result efforts arrange meeting Gaza?

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[1] Sent also priority to Tel Aviv, Jerusalem, and Cairo; sent by pouch to Beirut, London, and Damascus.

[2] Printed as telegram 38 to Amman, Document 853.

[3] In telegram 173 from Tel Aviv, Aug. 17, Russell reported that he had raised with Eytan the possibility of reactivating, improving, and extending the local commanders' meetings. Eytan said he would prefer to postpone discussion until Dayan returned from Washington later in the week. (684A.85/8-1754)

[4] In the last paragraph of telegram 45 from Jerusalem, Aug. 16, Cole reported that he had sounded out the senior Arab Legion officer in the Jerusalem area about local commanders' meetings. The officer's opinion was that such meetings were useful and could presumably be renewed whenever the Israelis signified a desire to do so. (684A.85/8-1654)

Such an approach would be along lines final para Deptel 205 to Cairo[5] with emphasis on limited nature agenda.

DULLES

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[5] Printed as telegram 38 to Amman, Document 853.

No. 865

611.84A/8-1954

Memorandum of Conversation, by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] August 19, 1954.

Subject: American Jewish concern over recent developments in relation to Israel

Participants: Mr. Phillip Klutznick, President, B'nai B'rith
The Secretary
Mr. Jernegan, NEA

Mr. Klutznick said he sensed a deep concern among American Jews at what seemed to be the unfavorable trend of events with relation to Israel. He felt it his duty to register this concern with the Secretary personally. He did not criticize the Anglo-Egyptian Suez Agreement. In fact he regarded it as one of the outstanding achievements of the Secretary's term in office but he was concerned at its possible repercussions.

The Secretary outlined our policy with regard to the Arab-Israel question, emphasizing our determination not to let Israel be crushed and our belief that the possibilities for an improvement in relations were greater now than they have been in the past. He recalled his recent lengthy conversations with Ambassador Eban as evidence of the attention which he personally was giving to this question. Mr. Jernegan mentioned that both Ambassador Eban and Prime Minister Sharett have expressed themselves as encouraged by those conversations.

Mr. Klutznick said that many people would be greatly reassured to know that the Secretary was in fact giving personal attention to the problem. He asked whether he could let this be publicly known. The Secretary said there would be no objection whatever.

No. 866

684A.86/8–2154 Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

CONFIDENTIAL BEIRUT, August 21, 1954—1 p. m.

171. At risk of seeming to underline the obvious, might I suggest that we are now at a critical point in the development of a policy designed to relieve tension between Israel and the Arab states and to re-establish a relationship with the states of the Near East which will contribute to our mutual security.

For reasons which need not be re-debated, the pendulum of American policy was originally drawn toward Israel, with a resultant deterioration of our relations with the Arab states. Now for a period of a year and a half we have been trying to get the pendulum back to center by an announced policy of impartiality. Step by step and by painstaking efforts this policy has been producing results. Final success is still in the future but we have been on the good road.

Now, just when this policy is beginning to show the desired results, vigorous protest is heard from Israel, whose officials do not hesitate to assert that our policy of impartiality is not that at all, but rather a policy of prejudice against Israel. We know that this is not true; quite to the contrary, we realize that any policy which would swing the pendulum too far the other way and give the Arabs the idea that they had the upper hand would be disastrous for all concerned.

The actual situation in which we find ourselves therefore is that we are being attacked because an honest and fair policy, which is actually in Israel's ultimate interest as well as that of the Arab states, is showing some signs of succeeding.

On the basis of reports from Embassy Tel Aviv and discussions at the Istanbul conference, it is clear that, aside from political maneuvering, there is a certain element of sensitivity and "aloneness" in Israel of which account should be taken. The hope which I would venture to express, however, and which is the basis for this gratuitous message, is that, in endeavoring to meet this situation, we should take care to act within the scope of our established and hitherto successful policy of impartiality and in so doing avoid any acts or statements which would seem to indicate that the motion of the pendulum was again being reversed. The problem is one of confidence as regards both Arabs and Israelis. It would be a tragedy if, in order to meet a transitory manifestation of Israeli emotionalism, we should be placed in the position of losing ground which we have so laboriously won in respect of the Arabs: Particularly since it would appear that we are not, in fact, faced by an immediate crisis requiring hasty action.[2]

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[1] Repeated to Tel Aviv, Amman, Baghdad, Cairo, Damascus, and Jidda.

HARE

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[2] In telegram 254 from Cairo, Aug. 25, 2 p. m., Caffery stated:

"I should like to associate myself with the views set forth by Ambassador Hare in Beirut's telegram No. 171 Aug. 21 to Department. Although not written in reply to Department circular telegram 108 Aug. 21 observation contained therein are pertinent to questions raised Department's telegram.

"It seems to me furthermore that any major decision affecting US policy in Near East should be carefully considered in the light of our over-all relations with the area. I assume therefore that Department will wish to defer consideration of moves with regard to Israel until more is known about results recent Iraqi-Egypt discussions." (684A.86/8-2554)

No. 867

684A.86/8-2154: Circular telegram

The Secretary of State to Certain Diplomatic Missions[1]

TOP SECRET WASHINGTON, August 21, 1954—4:33 p. m.

108. General developments in Middle East, including Egyptian and Iranian agreements, lead us to hope we may have opportunity establish far better working understanding with area in general, and Arab states in particular. Unfortunately, as other long-standing problems reduced, Arab-Israel dispute looms larger as impediment to constructive efforts in Middle East. We currently searching for ways, in absence of peace which will not be readily forthcoming, to move forward with general strengthening of area and at same time assure that our actions will not precipitate hostilities within area.

If basis for cooperation with Arab states in area defense arrangements can be established as now seems probable, point would be reached eventually where imbalance both in military strength and confidence would exist between Arab states and Israel adverse to latter. This is inevitable if we are to succeed over period of years creating real strength. Limiting our objective to simply balancing Arab strength with Israel strength would mean defeat of overall objective.

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[1] Sent to Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Jidda, London, Paris, Tel Aviv, and Tehran.

Anticipated ultimate results of Suez settlement have intensified apprehensions of Israel as to her own future. We believe some assurance desirable to Israel at this time to (1) deter Israel from rash action on theory that growing Arab strength calls for "preventive" war; (2) relieve Israel feeling isolation; (3) encourage her acquiescence in our policies or at least mitigate extent her opposition. We believe as practical matter such assurances are also necessary to facilitate our ability to continue assist the Arab states. We would also like if possible to embody within assurances to Israel assurances to Arabs against possible Israel aggression.

Subject exhaustively discussed at Istanbul Conference. Answer of conference was public declaration that US would use force if necessary to prevent aggression by either side. You already informed reluctance and constitutional difficulty USG make advance decision re use force.

Request each Ambassador at Istanbul Conference give new thought to accomplishment desired ends. Methods we have thought of here are:

1. Exchange of notes with Israel. Our note would reaffirm friendship for Israel and Arab states and would assert our intention take measures to thwart aggression by either Arab States or Israel and would specify certain of economic sanctions approved by NSC.[2] Recent NSC decision precluding advance promise to use force if necessary may detract considerably from effectiveness of note in providing real reassurance to Israel. Statement would be included, however, that if military build up jeopardized Israel's security US would consider arms aid to Israel.
2. Treaty between Israel and US guaranteeing Israel's security. In addition to US guarantee of Israel's security treaty could contain specific assurance from Israel against any aggression on her part and recognition of US right to act against such aggression. This course would remove dilemma posed by constitutional limitations on President's power by putting issue to Congress. Theoretically, possible negotiate similar treaties with Arab states but aside from Congressional problem might be difficult for Arabs accept. Request your judgment on effect US-Israel treaty on Arab states and on willingness Arabs conclude such treaty with US.

This message designed elicit any general thoughts you may have on subject to assist us in further review here.

DULLES

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[2] See NSC 5428, Document 219, and in particular the Supplementary Statement on the Arab-Israel Problem, paragraph 10.

No. 868

784A.5/8-2254: Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, August 22, 1954—2 p. m.

190. *Jerusalem Post* this morning reports Prime Minister at press meeting yesterday said:

(1) Secretary had shown in talks with Eban he was clearly disposed to reassure Israel but Prime Minister did not consider these assurances met the issue. "With all appreciation of good will in statements we hear from time to time, we shall not regard mere verbal assurances as capable of compensating for fundamental facts likely to affect adversely our position in balance of forces in Middle East."

(2) Asked if British had ever hinted at possibility of bases on Israel territory, Sharett said emphatically, "never".

Embassy comment: Yesterday at lunch, Eban told me he was urging IG adopt a four-point policy toward US:

(1) Continue all-out opposition to US program of arms aid to Arab countries. He said if US proceeded with present plans, he did not see how we could expect other than that Israel would become increasingly uneasy and active and eventually strike out against its enemy-neighbors.

(2) Insist on arms aid for Israel.

(3) Demand US hold up economic aid to Egypt until latter takes concrete steps to carry out its international obligations to Israel.

(4) Endeavor obtain formal agreement between Israel and US whereby US would give guaranteed use military forces if necessary to maintain Israel's border. In reply my query as to what present IG position was on this in view Eytan's statement July 25 (Embtel 88),[1] Eban said he did not believe Eytan had authority to state IG would be uninterested in new border guarantee.

I reiterated my belief US decision to make effort to build up area security was firm, US [garble] for making most of present opportunities for steps toward area peace were particularly keen, and that Israel action designed to thwart either would result in deterioration of Israel's position with US public which, it seemed to me, could only be to Israel's disadvantage.

RUSSELL

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[1] Not printed, but see footnote 3, Document 845.

No. 869

684A.85/8-2354: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, August 23, 1954—5 p. m.

192. Eytan phoned me this morning from Jerusalem and said he had talked with Dayan (Embtel 173).[2] Dayan had stated he is agreeable to have responsible officer on each side (Israel and Egypt) be in touch with opposite number to deal with trouble promptly when it arises; he would want to be sure in advance, however, that Egypt is agreeable. Eytan then said: "Not quite sure where we go from there."

I said I thought matter was sufficiently important and had sufficient number of considerations that needed to be taken into account to warrant personal meeting of himself, Dayan and myself. He said he would consult Dayan and let me know.

Embassy comment: It was my impression from telephone conversation that Israeli Government does not wish to retreat from Dayan's statement in Washington but not particularly interested in following up.

RUSSELL

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[1] Repeated to Cairo and Jerusalem.

[2] See footnote 3, Document 864.

No. 870

684A.86/8-2454: Telegram

The Ambassador in Lebanon (Hare) to the Department of State [1]

TOP SECRET BEIRUT, August 24, 1954—2 p. m.

182. For my general views on Department circular 108, August 21, please see Embtel 171 same date, which sent prior receipt Department's message. Following are supplemental observations of specific points raised:

(1) Agree would be futile to base policy on balancing Israeli and Arab strength. It is inevitable that in due course total military strength of Arab States will, and should, exceed that of Israel if area as whole is going to have degree of strength required for even minimum reinforcement against Soviet penetration. Balancing

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[1] Transmitted in two sections; repeated to Tel Aviv, Amman, Baghdad, Cairo, Damascus, and Jidda.

factor should not be material strength but adoption of policies of restraint by both Arabs and Israelis; gradual development of mutual confidence; and clear indication that US or US in concert with tripartite powers would not permit situation getting out of hand.

(2) Regarding reasons for assurances to Israel cited in third paragraph of Deptel 108, suggest:

(a) It would be illogical to seem to adopt a policy of appeasement of Israel in order to prevent its launching a preventive war. We have steadfastly refused to follow such a policy elsewhere; i.e., the Far East, and no reason seen why we should act otherwise in this case. If we are really convinced that Israelis considering a preventive war, our action should take the form of a warning—not placation. If we are not so convinced, then reason for action removed.

(b) As indicated in Embtel 171, I believe we should sympathetically consider any feeling of isolation in Israel but that, in so doing, we should take care to distinguish between real sentiment and political maneuvering. Moreover, irrational Israeli fears should not impel us to take irrational remedial action.

(c) Re encouraging acquiescence in our policies, this point is hardly appropriate for field comment other than to express hope that we shall not have to jettison good policies in order to gain such acquiescence.

(3) Re two approaches suggested:

(a) Idea of exchange of notes with Israel would bear consideration but discussion in circular 108 itself constitutes illustration of difficulty of determining form such communication might take. If we should desire to talk in terms of sanctions, question of timing is important. As matters stand, only immediate threat would seem to be from Israel side in form possible "preventive war" and, if we regard this situation as sufficiently serious, a warning to Israel in terms of economic sanctions would be justified, accompanied presumably by statement that same would apply to Arabs if they became menacing. However, to announce such policy apropos of nothing in particular could have effect of shooting off blank cartridge and scaring no one. In circumstances it is difficult to see how note to Israel could be framed at this time which would achieve desired result of reassuring Israel and still be in the context of actual events.

(b) As regards possible Israeli-United States treaty I can envisage such a step in existing circumstances only with extreme apprehension. It is obvious that ground has not been prepared for such a move and that it would inevitably be interpreted merely as a device to get us by a moment of temporary embarrassment. Repeatedly we have taken the position that we could not undertake formal security commitments in this area (personally I believe the wisdom of that policy to have been questionable in view of the practical commitments which we have actually assumed; e.g. Greece, Turkey, and Iran). The question, however, is too big and the implications too great to permit of piecemeal and hastily improvised action. If we intend making a policy change, we should restudy our whole relationship with the Near East, not only with the Arabs and Israel, but others as well. Then we must prepare the ground with all concerned. By so doing the conclusion of security treaties with both Israel and the Arab States might work out satisfactorily, but the job should be approached as a whole and adequate time and preparation allowed. A quick decision involving Israel only would certainly present a relations problem with the Arab States of the most difficult and ominous sort. Not infrequently we undertake, and with good reason, to chide the Arabs for being obsessed by the secondary problem of Israel and forgetting the major Soviet threat. Similarly, it is suggested that we should eschew making a policy decision on one aspect of the Near East which could prejudice larger considerations in the area as a whole.

In conclusion, I would venture reiterate recommendation in Embassy telegram 171 that, having adopted the policy of impartiality and having seen it produce results, we should do our best to remain on that good road. In so recommending I realize full well the difficulties currently confronting the Department. On the other hand I also foresee that deviation from that policy for short term reasons would do grievous injury to the prestige and confidence which has been painstakingly built up during the past year and a half.

HARE

No. 871

674.84A/8–2454 Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET TEL AVIV, August 24, 1954—7 p. m.

196. At luncheon, at his invitation, this noon Jerusalem with Gideon Rafael, adviser to Foreign Ministry on Middle East affairs, he said:

(1) While division of counsel within IG, he feels there is chance of convincing Foreign Policy Committee of Knesset, which is meeting tomorrow to hear him and Eban, that present moment offers opportunity for moving in direction of area peace.

(2) Three times in past year representative of responsible Egyptian official had contacted him and asked that IG use its influence in US to obtain our help in getting Suez base settlement and promise of economic aid to Egypt (6); IG attempted utilize this bargaining position to obtain promise of Egyptian move toward peace; last such meeting took place in Europe in June, but came to nought when base agreement announced.

(3) Program Rafael was urging upon Egyptian representative included: free passage through Suez Canal, cessation official belliger-

ent statements toward Israel, quiet along border, recognition sovereignty and territorial integrity of each country, refraining from instigation of subversive activities within territory of other, periodic secret meetings of representatives both governments to continue discussions of steps leading toward peace.

(4) Feels present moment can only be successfully exploited if US insists upon immediate specific undertaking by Egypt to take such steps; vague conversations, strung out over period of time, will result in US becoming committed to economic aid without any *quid pro quo*.

(5) IG would place great importance upon any action US could take that would serve to allay feeling of insecurity which is increasingly gripping country and playing into hands of extremists. He stressed "actions not words"; when I queried him on "actions" he said border guarantee would be "action".

(6) There is feeling in some quarters in Israel that US does not really desire peace in area and is content to have present situation continue.

I said only a person of malice could assert US did not put peace at top of its area agenda; only difference between his suggestions and our current thinking is with respect to approach most likely to be effective with Arabs—we do not believe bludgeon approach would be effective but that with emerging good will which has been developed with Arabs during past year, coupled with lively hope on part of some of them of aid to come, we have bargaining position for first time, recent indications of interest of Arabs in aligning themselves with West could mean that period we would have to wait before pressing for peace and broadening area defense plans would be shorter than we had previously thought; most important that Israel allow US, and if possible Egypt, to take initiative and that Egypt not have to be in position of complying with IG demands (most desirable situation of all in fact would be for Fawzi to emerge as candidate for Nobel peace prize—Rafael agreed). I emphasized nothing likely to eventuate unless IG helped in creating most favorable possible circumstances in which effort to be made. Even if effort failed for time being, it would be gainer in its position with US public.[1]

RUSSELL

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[1] The Department responded in telegram 111 to Tel Aviv, Aug. 26, 7:02 p. m., as follows:

"Dept expresses its satisfaction at line you took with Rafael urtel 196. We are interested Israel's efforts maintain secret contacts Egypt leaders. Are convinced that as IG develops more first hand information re situation in Egypt through this and other means, value USG advice favoring careful and gradual measures as opposed to bludgeon approach will become apparent." (674.84A/8-2454)

No. 872

684A.86/8-2554: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

TOP SECRET AMMAN, August 25, 1954—2 p. m.

70. Department circular telegram 108.[2] The possibility of creating strength for area security is still a tender shoot and cannot withstand the chill of what might be interpreted as switchback to pro-Israel policy. We adhere in this connection to the lines of Ambassador Hare's excellent telegram Beirut 171.[3]

As with so many problems here this generally returns to the tensions of the Arab-Israeli borders. If Israel will adopt a policy permitting conditions of peace on the border and come forth with even a minor portion of her obligation to the refugees this would be more effective than a note or even a treaty by US. It is not in US interest to insulate Israel from the necessity of working positively for peaceful border.

In considering assurances to Israel to deter her from rash action it is relevant that Israel uses the big stick method with Arabs. In quieting fears stated by Israeli Government and spokesmen we are not necessarily limited to the carrot approach. It is to be noted that while Israel appeals for assurances she is producing considerable fears among Jordans at present time (Embtel 67).[4]

A basic consideration in the present is not who receives what amounts of arms but whether in reality the existence of Israel is threatened. As the Department points out, it is Israel which now talks of preventive war. Militarily, it appears that the Arabs are not in a position to attack Israel successfully nor foreseeably would they be for years.

With respect to imbalance, arms aid to Israel need not balance aid to Arab states. US needs to preserve its freedom of action in regard to future arms aid to Arab states or Israel. To give a pledge that we will consider arms aid to Israel if military build up by Arabs jeopardizes Israel's security raises the question of who is to judge the jeopardy. The Israelis claim they are jeopardized before we start. US has held that impartiality does not require equality of economic aid and the same is true now of arms aid.

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[1] Repeated to Tel Aviv, Beirut, and London. Sent by pouch to Tripoli, Karachi, Cairo, Athens, Ankara, Kabul, Tehran, Baghdad, Jidda, and Damascus.

[2] Document 867.

[3] Document 866.

[4] Not printed.

Numbered parts one and two reference telegram. There is real danger in US taking action alone as we could quickly find ourselves being played off against UK which has mutual defense treaty with Jordan. It is very doubtful if US treaties could be arranged with Jordan and Syria and having one with Israel would put the US–UK against one another more surely than the fathers of two belligerent brats. I would suggest that assurances to Israel could best come from UK or at most US–UK jointly.

Re point 1 believe an exchange of notes with Israel and each and all Arab states simultaneously would be least damaging.

On point 2 do not believe a treaty with Arabs possible without wide preparation and one with Israelis alone could prove disastrous.

From this admittedly somewhat isolated part of the world it looks as though we were being pressured by a sales campaign of those who may be captured by their own propaganda.

Mallory

No. 873

684A.86/8-2554: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

TOP SECRET Tel Aviv, August 25, 1954—5 p. m.

201. Department circular telegram 108. [2] Embassy believes achievement of US goals of security and relaxation of tension in area requires some form of assurance to Israel. This need results from:

(1) Fact that plans for defense of free world in area cannot realistically be based on formula of equating Arab and Israel strength;

(2) Israel's vulnerability to sudden attack due to its size, shape and relative manpower; and

(3) Reiterated Arab intention to obliterate State of Israel. Unless Israel has some assurance that arms in hands of Arabs will not endanger her, there will be growth in extremist sentiment here with consequent threat to peace.

Embassy believes, however, there are serious defects in connection with both alternatives mentioned Department circular telegram 108. Exchange of notes which gave no promise of military assistance in event of attack would fail to give necessary senses of security. Also, since area defense program cannot realistically equate Israel and Arab strength, statement that if military build-up jeopardized Israel's security US would consider arms aid to Israel would either imply the impossible or not meet Israel's needs.

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[1] Repeated to Cairo, Amman, Damascus, Beirut, Jidda, London, Jerusalem, and Baghdad.

[2] Document 867.

On other hand, Embassy believes treaty between Israel and US guaranteeing Israel's security would have following objections:

(1) Israel's avowed "dynamism" and her basic drive toward position of dominance in area would make her a constantly embarrassing treaty partner. In pursuance of this dynamism, Israel has in past resisted relaxation, stability and quiet, preferring, and creating where necessary, tension and instability, counting upon its capacity to capitalize upon them. With special prestige which such treaty would give, Israel would be less inclined to show moderation in its actions and statements. Need for giving Israel sense of basic security should not result in action which would give it attitude non-conducive to equal bargaining with Arabs on conditions of peace.

(2) Treaty would put Israel in special relationship to US, a posture from which US has been trying to disengage itself. Israel has in past regarded herself as having weight of American prestige, resources and influence available to her in achieving her objectives. She would undoubtedly attempt to exploit treaty relationship to work anew toward appearance of such a situation and to make continual further requests for special consideration.

(3) In view of likelihood that definitive peace between Israel and neighbors will take some time, and in view of uneasy state of borders even in absence of aggression, treaty would give rise to continual questions as to whether border incidents constituted aggression and US had, therefore, obligation take action.

(4) Treaty would put US in position of appearing to be partner of a party in a semi-war in which US has in fact no interest other than its termination.

(5) Treaty approach would make it more difficult to integrate similar undertakings by other countries, such as Britain and France and, if it should at any time appear feasible and desirable, Turkey.

(6) While Israel would like to have backing of US, it still has as one of its principal goals release of as many as possible of 4 million Jews behind Iron Curtain and, therefore, cannot be uninhibited in its cooperation with free world (Embassy telegram 93, July 21, 1953, and Embassy telegram 77). [3]

In view of above, Embassy believes possibility should be explored of:

(1) British giving some kind of guarantee to Israel as British Ambassador here has suggested (Embassy telegram 179). [4] Britain already has such a treaty with Jordan and would not thereby be put-

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[3] Neither printed.

[4] Document 863.

ting herself in special relationship to Israel. Moreover, she has forces based nearby.

(2) Obtaining congressional authority by resolution authorizing President to make unilateral statement that US would use military force under certain circumstances. Such a statement could be in a form to avoid difficulties mentioned above resulting from treaty. Considerations which led NSC to decide against an advance decision to use military force under certain circumstances would appear to be no greater in connection with such a resolution than in connection with a treaty. Greater freedom of action which US would have under unilateral declaration would serve to deter Israel from permitting its dynamism to take form of measures to increase tension.

(3) Taking care of immediate need for reassurance to Israel by stating that executive branch of government intends to ask Congress for resolution of general nature stated above and also intends include Israel in its planning for area security and to grant it arms as soon as development of its arrangements with Arab States permits.

Suggested approach would not satisfy its probable demands (Eban has urged military alliance and Eytan maintains treaty should not only guarantee border but also US assistance in ending other types of aggression such as economic and political) but would meet Israel's reasonable requirements.

Russell

No. 874

784A.5/8-2254: Telegram

The Acting Secretary of State to the Embassy in Israel

CONFIDENTIAL WASHINGTON, August 26, 1954—1:13 p. m.

109. Urtel 190.[1] Department concurs fully with line you took with Eban. If suitable opportunity arises you may wish express Eban Department's disappointment that his reaction to lengthy exchanges views with Secretary and others has not been more constructive. General tenor Eban's "four-point policy" appears tantamount to recommendation Israel Government take little heed of United States advice regarding timing and tactics toward our common objectives of peace and stability in Near East. . . . Eban plays such important role in conveying thinking this government to his own, that it is hoped he would wish impress upon IG sincerity Secretary's assurances and depth of support that lies behind them in America's general desire for security and peace for and

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[1] Document 868.

within area. America's security is deeply involved [as] well as Israel's. It would be disappointment American people if Israel were to continue in its endeavors block our attempts encourage certain Near East leaders who are seeking identify their peoples' destiny with that of Free World.

SMITH

No. 875

684A.85/8-2654 Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, August 26, 1954—7:02 p. m.

110. Amman's 60 [2] Tel Aviv's 192 [3] Cairo's 203. [4] Tel Aviv requested approach Dayan reporting that our initial soundings in Cairo and Amman indicate willingness for commanders to meet. We suggest first meetings be held between commanders Jlem sector and Gaza frontiers. In our view agenda should be limited discussion border security measures and to setting up means for further periodic contacts with view reduction border incidents. Arrangements could be made regarding place and time meeting through UNTSO observers. It should be made clear that what we are seeking is resumption commanders meetings which as in past would be held informally and outside framework MAC. FYI while we would hope such meetings might improve atmosphere to degree where Israel would see value resuming full cooperation with MAC feel would be counter-productive attempt link these meetings with MAC participation at this time.

Tel Aviv requested consult closely with ConGen Jlem and at appropriate time ConGen should provide background to UNTSO.

Cairo and Amman requested make similar approaches Gohar and Arab Legion.

Report developments.

SMITH

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[1] Sent also to Amman, Jerusalem, and Cairo.

[2] Not printed.

[3] Document 869.

[4] Document 861.

No. 876

684A.85/8–2754 Telegram

The Chargé in Israel (Russell) to the Department of State [1]

SECRET TEL AVIV, August 27, 1954—2 p. m.

205. Embtel 192. [2] I met Dayan and Eytan at reception yesterday and discussed rather fully possibility of establishing contact between Israel representative and those of Egypt and Jordan to deal with day-to-day border problems on local level. While Eytan continued to appear half-hearted, Dayan vigorously plied me with arguments in favor.

Dayan stated, and Eytan agreed, IG would like as soon as possible, without any formal agreement, to institute practice of area commander (battalion or brigade) on each side designating contact spot on his side of border where opposite number or deputy could conveniently and safely come and make telephone call for immediate meeting. Meetings would be completely informal, without bylaws, minutes, or appeal, for purpose of dealing cooperatively to prevent, or to institute any feasible immediate reparative action in connection with, border violations. While IG believes nature of meetings is such that it would be anomalous to have UN representative present, it would have no objection to such presence at first meetings to facilitate inauguration. With respect Egyptian border, locations might be along Gaza road. Similar arrangements might also be established in Jerusalem and in Hebron area although Dayan believe preferable to start with just one or two places to see how it works. He believes name "local commander agreement" is a little formal but willing to accede to it if insisted upon.

RUSSELL

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[1] Repeated to Cairo, Amman, and Jerusalem.
[2] Document 869.

No. 877

784A.5/8–2954 Telegram

The Chargé in Israel (Russell) to the Department of State

SECRET NIACT TEL AVIV, August 29, 1954—1 p. m.

209. *New York Times* correspondent has informed Embassy Eban said following in talk with him Friday: Israel shocked and angered at US policy of winning Arabs by arms while leaving Israel in re-

frigerator. It is fine if US succeeding with Arabs but it cannot be broker if it has lost Israel. It must now win Israel—by giving arms. US must be able to demonstrate concretely to Israel public that situation has improved. If nothing is done now to back up Dulles' expressions of understanding of Israel's plight, a worse situation than ever will exist in US-Israel relations. Israeli Government sees US getting in same position re Egypt as British have in Jordan, i.e. throwing away its cards, losing its influence, by not demanding *quid pro quo* in advance. As result of present policy, US is "picking up the check" on both ends: Giving economic aid to Israel to overcome effects of blockade while giving economic aid to Egypt which is carrying out the blockade. Israeli Government not requesting a guarantee of its border but would be interested in seeing what US had to suggest.

Jerusalem Post carries following editorial this morning with internal evidence of Eban authorship: Nothing could be more strange than spate of rumors that flowed last week from Arab capitals (other than Egypt) or from American sources and routed thence to those centers, of moves towards agreement between Israel and Egypt, the suggestions presumably coming from the US. Who is responsible for this war of nerves and what is to be gained by it? It might suit the book of those in the State Department who are intent on arming Egypt and yet welcome the stories of peace moves as a counter-weight to the attempts of the friends of Israel to question the wisdom of arming the Arab states. For here is "evidence" that possibility of peace between Israel and Egypt is now solidifying as result of new atmosphere created by America's pro-Arab policy. This, of course, is a far cry from genuinely influencing Arabs in this direction at present time. Explanation being that to do so would destroy whole effect of attempt to win confidence and good will of Arab world. As for Arabs, rumors for external consumption cost nothing and enable them to pose and strut as moderates being armed to the teeth, with organized opposition to the moves by friends of Israel neutralized by a flow of words. In the long run net result could well be an attempt by Western powers to present Israel with a *fait accompli*.

Post carries brief front-page item that Eshkol, Minister of Finance, and Dayan, IDF Chief of Staff, had three-hour closed meeting with Ben-Gurion at Beersheba yesterday.

There are many evidences that line authorized by Department (Deptels 77,[1] 109,[2] 111)[3] has influenced a number of IG leaders to reappraise Israel policy of all-out attack on US policies, to consider advisability of seeing what concrete proposals US might make following Secretary's talks with Eban, and to give US chance to capitalize during the next few months on its increasing influence with Arab states in effort bring about amelioration of Arab attitudes toward Israel. First two paragraphs above, together with developments reported Embassy telegram 190, indicate Eban giving support to Lavon and other intransigeants. S. Z. Abramov, President Israel-American Friendship League, who has recently been critical of US, yesterday said he would strongly urge leaders of American Jewry be asked to support those in IG now taking moderate and cooperative position.

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[1] See footnote 3, Document 848.

[2] Document 874.

[3] See footnote 1, Document 871.

Following receipt Deptel 109, I told Foreign Ministry I would be happy to see either Eban or Prime Minister at their convenience. I am seeing Eban at lunch August 31. Department may wish strengthen Eban's appreciation of points made Deptel 109 by also forwarding them through Israel Embassy Washington.

Since persons in Foreign Ministry have stated (to *New York Times* correspondent) that line which Chargé has taken with them is of interest but some question whether it fully represents Department's position, affirmation of this to Israel Embassy might also be useful.

Prime Minister informed me this morning he will see me at noon tomorrow (August 30). This will be immediately prior Knesset debate on Israel-US relations. I intend stress points I made with him (Embtel 150)[4] had full Department authorization. I would appreciate Department's approval to add that while no further statement re border guarantee or arms aid policy is possible now, I can give assurance fullest attention is being given to following up on Secretary's statement of sympathetic appreciation of Israel's desire that its own security not be threatened by efforts of free world to strengthen area against outside aggression.[5]

RUSSELL

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[4] Document 858.

[5] On Aug. 29 the Department indicated its approval of the Embassy's using the language suggested in the last paragraph of telegram 209. (Telegram 114 to Tel Aviv, Aug. 29; 784A.5/8-2954)

No. 878

684A.86/8-3054: Telegram

The Chargé in Syria (Strong) to the Department of State [1]

TOP SECRET DAMASCUS, August 30, 1954—2 p. m.

96. Deptcirtel 108, August 21. USSR threat to area requires US weigh moves here for effect on Soviet position. Evidence Commie activity in Syria multiplying; US–Israel treaty on public exchange notes would undermine US position here and play into Soviet hands. Almost certainly any commitment from US to Israel sufficient to satisfy Israelis would, if known, revive Arab fears of US favoritism toward Israel. As noted Beirut Embtel 171 to Department August 21, Arab fears this score have been diminishing recently as result US actions during last year and half. Should US appear give special attention Israeli security problem, however, opportunity would be presented USSR increase ties with Syria, viz. Soviet vetoes Banat Ya Qub and Suez.

In any case, extent to which Israeli fears justified requires careful examination. In light Israel policy provocation and retaliation (e.g. Amman 67, August 24) [2] and relative military capabilities, Arab fears Israeli aggression seem more realistic than Israeli psychosis re Arabs. See no justification large-scale US assurances to Israel which might lead Tel Aviv continue provocative policy in hope instigating Arab attack.

For foregoing considerations believe treaty method particularly undesirable. Syria unlikely desire similar treaty but would view Israel–US pact as hostile act by US. Secret exchange of notes on other hand might afford possibility satisfying Israel's reasonable requirements.

Following are Embassy specific suggestions:

1. Note should avoid committing US in advance to act automatically but indicate measures, including, NSC economic sanctions, we would take after we determined unprovoked aggression had occurred.

2. Reconsider reference in text military build-up jeopardizing Israel's security (numbered paragraph 1, reference telegram), since basic and should [*sic*] US contention is that, view tripartite declaration and other considerations. US arms aid Arabs will not place Israel in jeopardy. Present wording appears question this.

3. View possibility US–Israel exchange becoming known, might consider parallel US exchanges with Arabs to demonstrate continu-

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[1] Repeated to Tel Aviv, Amman, Beirut, Baghdad, Cairo, and Jidda.

[2] Not printed.

ing impartiality. Texts would of course differ from note to Tel Aviv, since US not planning military aid Israel.

Ambassador Moose saw reference telegram immediately prior his departure and will discuss with Department upon arrival.

STRONG

No. 879

784A.5/8-3054 Telegram

The Chargé in Israel (Russell) to the Department of State

CONFIDENTIAL TEL AVIV, August 30, 1954—6 p. m.

212. Embtel 209,[1] Deptel 114.[2] At meeting with Prime Minister his office Jerusalem this noon, I said I wished to reiterate, with full authorization to Department, that we intended, as possible, to make full effort to utilize our improving position with Arab countries, and particularly Egypt, to induce them to take steps leading toward peace with Israel. Also interested in Israel's efforts to continue secret contacts with Egyptian leaders, especially as we are convinced that first-hand information which IG may gain from situation in Egypt will lead it to understand the basis of US approach which is based on careful and gradual measures as opposed to all-or-nothing, take-it-or-leave-it approach. US attaches greatest importance to timing and tactics in approaching our common objectives of peace and stability in Near East. Any action which interferes with or prevents this approach would inevitably be regarded in US as obstruction of our efforts to build up area security in face of Communist threat. It is our fundamental conviction that American security is deeply involved in current developments in Middle East as well as Israel's. It would be gravest disappointment to American people if Israel were to block our attempts to encourage Near East leaders who are seeking to identify their people's destiny with that of the free world. While no further statement in connection with border guarantees or US arms aid policy possible now, am authorized give assurance that fullest attention being given to following up on Secretary Dulles statement of sympathetic appreciation of Israel's sense of insecurity and isolation. It is our conviction there is no necessary conflict between objective of relieving Israel's sense of insecurity and measures which US as leader of free world deems necessary to take to forestall further acts of Communist aggression.

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[1] Document 877.

[2] See footnote 5, Document 877.

Present moment offers opportunity such as we have not had before and may not again for some time to work toward both objectives. It is desire of USG to have IG's cooperation in seeing that opportunity is not lost.

Prime Minister said he regarded this as an important and helpful statement; appreciated its tenor and our friendship and effort to understand Israel's position; does not doubt sincerity of US intentions; differs with respect to possible unintended effects of POC; would welcome translation of assurances into concrete facts to offset facts which operate to Israel's detriment. There is no intention on IG's part to obstruct US; what it does it does to preserve Israel's vital interests; with respect to effort we are making with Egyptian leaders, he wishes us luck but has misgivings. He does not make any request that we try to further secret personal contacts between Egypt and Israel but would be interested in anything we can do provided we are satisfied that our intervention would in fact help; present Egyptian Government has been more difficult in this respect than its predecessor. He said he would be especially interested in any information I had with respect to reports of imminent Iraq–Syria merger. I said I had none. Prime Minister said if it is in fact brewing it would be a most serious matter for Israel; to have Iraq on its border would create new geopolitical situation. Said he hopes US will do what it can to keep political entities in area as they are. He said speech he would give to Knesset this afternoon might be regarded by USG as sharp with respect our policies in Egypt but it was result of full cabinet discussion and he would balance those remarks by expression of appreciation for our economic aid to Israel and for Secretary's sympathetic statements. He concluded by saying that he would wish to fully digest my statement.

Embassy comment: It is my impression there is continuing sharp cleavage between Sharett and Lavon on position which IG should take toward US; that Sharett regarded by statement as helpful to his position in cabinet; that his speech to Knesset will represent present resultant of strength of varying views in cabinet.

RUSSELL

No. 880

611.83A/8-3154

Memorandum of Conversation, by the Officer in Charge of Israel-Jordan Affairs (Bergus)

CONFIDENTIAL [WASHINGTON,] August 31, 1954.

Subject: Review of U.S.-Lebanon Relations

Participants: Dr. Charles Malik, Ambassador of Lebanon
NEA—Mr. Jernegan
NE—Mr. Bergus

Ambassador Malik stated that he was returning to Beirut for consultations on September 2 and planned to remain for about two weeks. He wished to review the current situation before returning so that he would be in a position to discuss matters fully with the Lebanese Government. Firstly, he wondered whether there was anything useful which he might tell President Chamoun with regard to the prospects of an official visit to the United States by the President of Lebanon. The Ambassador hoped that such a visit might be possible for the spring of 1955.

Mr. Jernegan replied that he had no information for the Ambassador at this time on the subject. The matter was still under consideration at the White House and so far as was known the definitive schedule of official visitors for next year had not been drawn up. Mr. Jernegan would look into the matter but he doubted whether he would have any information on the subject prior to the Ambassador's departure.

The Ambassador inquired as to the prospect of FY 1955 special economic aid for Lebanon. Mr. Jernegan reviewed the situation, pointing out the cut which the appropriation for development assistance in the Near East had sustained in the Congress, and outlining the needs in other countries of the area. We had made a start in Lebanon in FY 1954 and the program there would continue. We could not predict the magnitude or character of our FY 1955 program in Lebanon. We understood that the Lebanese Government and the U.S. Operations Mission in Beirut were presently working out projects for presentation to Washington. Once these were presented, a decision would be made as to the nature of our program for the current fiscal year. In all probability, our program for Lebanon would be small for this year. Funds were short and it would take time to build up the programs resulting from the allocations given Lebanon at the close of FY 1954. We wished also to avoid going back to Congress next year with large unobligated balances.

The Ambassador asked for the Department's views on the development of the Litani River. Mr. Malik added that he felt that his government should exhaust all possibilities of raising local capital and obtaining bank loans before approaching any government, U.S., French, or other, for a government loan for this development.

Mr. Jernegan stated that we were encouraged that substantial progress had been made in the Litani survey. It was felt that the initiative was now in Lebanese hands. Lebanon should study the survey report with great care and formulate without undue haste a firm program for development. It was believed that the possibility of obtaining loan capital from the IBRD should be thoroughly examined. In view of the bankability of the project, it was doubtful whether loans from U.S. Government sources could be justified. We would, however, consider sympathetically further requests for technical assistance.

The Ambassador asked as to the prospects for military aid to Lebanon. Mr. Jernegan reviewed the current situation in the light of the concept of the "northern tier" and Egypt's desire to play a more active part in the defense of the Suez Canal. In this field also there was a shortage of funds and it was difficult to finance existing commitments. It appeared that hit or miss programs on an individual country basis were not a good way to utilize funds. It might well be, for example, that Lebanon would attain greater protection against aggression through aid to the "northern tier" than through a small program of U.S. military aid granted directly to Lebanon. There was not much prospect of military aid to Lebanon in FY 1955. We were however giving thought to President Chamoun's suggestion that something in the nature of an infrastructure project—roads, port development, or airport construction—be taken up in Lebanon.

The Ambassador asked about aid to Israel. Mr. Jernegan replied that no firm allocation had been decided upon but the total figure would be less than last year's. Mr. Jernegan, in reply to a question, stated that the Tripartite proposals to Israel and Jordan for measures looking toward a tranquilization of the border had temporarily been halted over the question of whether our proposals would require amendments to the General Armistice Agreement. We believed that practically all of the suggestions did not require such amendment. We were considering with the British and French the next steps to be taken on these proposals. Meanwhile we were working with the parties in an attempt to re-establish the local commanders' meetings along the Jordan and Gaza borders with Israel. The first reaction to these steps had been somewhat encouraging. We had also had occasion recently to restate to the Israel Government our position regarding their resuming work in the demilitarized zone on Banat Ya'qub diversion canal. We had told the Israelis that they were estopped from resuming such activity without permission of the Chief of Staff of the UNTSO. We had also pointed out that the psychological impact of such a resumption would be extremely unfortunate and might well seriously lessen the chances for the acceptance by the riparian states of proposals for an equitable division of the waters of the Jordan Valley.

Ambassador Malik inquired as to the present thinking about the Tripartite Declaration of 1950. Was there a prospect that Turkey would adhere to it? Was the United States considering making a strong restatement of the Declaration?

Mr. Jernegan replied that we had been giving thought to the Declaration but there were no developments worth mentioning. It seemed clear that the Arab states would oppose Turkish adherence to the Pact. A mere restatement of the Declaration seemed to offer little advantage. Both the Secretary and Mr. Eden had taken occasion to reaffirm our support for the Declaration. We were presently considering ways and means of giving greater assurance to both the Arab states and Israel against the possibility of local aggression.

No. 881

611.80/9–154 Circular Telegram

The Acting Secretary of State to Certain Diplomatic Missions [1]

TOP SECRET WASHINGTON, September 1, 1954—6:30 p. m.

125. After considering field comments on Depcirtel 108 [2] we now contemplate possible delivery to Israel and later publication of statement on US Near East policy given below. Similar statements could be given individual Arab states. We believe UK and Turkey may wish make parallel statements or associate themselves with ours but matter should not be discussed with them this stage.

Statement sets forth policies US now following NE as endorsed in general both at Istanbul conference and subsequently by missions in field. It intended meet to extent permitted by our constitutional processes any legitimate Israel fears of Arab attack. While possibility military aid to Israel mentioned in context of area defense arrangements no commitment made to maintain balance between Israel and Arab states.

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[1] Sent to Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Jidda, London, Paris, Tel Aviv, and Tehran.

[2] Document 867.

Comments addressees requested urgently.

(Articles omitted)

"I have honor refer recent expressions apprehension by Government Israel over security situation in Near East and particularly over efforts by Government United States to develop economic and defensive strength of area as whole against subversion or aggression from without area. Government Israel has voiced concern lest current trends might adversely affect Israel's security position.

In order allay misapprehensions and to correct misinterpretations which have arisen I wish set forth certain established policies of United States Government with respect Near East area.

First, traditional friendship of United States for state of Israel remains firm and has in no way been diminished by its friendship also for the various Arab states.

Second, a definitive and just peace between Israel and Arab states continues to be a major ultimate objective of United States. Present absence of peace perpetuates weakness in area and is therefore no more in interest of United States than in that Israel or Arab states. Practical considerations arising from the divergent basic positions held by states concerned cause United States to believe that a series of adjustments offers best prospects of progress toward peace.

Third, increasingly serious threat posed by Soviet Communist imperialism leads United States to assist immediately efforts of states in area to increase their ability to resist outside attempts at covert or overt aggression. This course of action cannot await solution Arab-Israel differences. In this connection, United States Government does not exclude an eventual program of arms assistance to Israel. United States Government will hope for cooperation of Israel and Arab states in continued efforts to abate causes of Arab-Israel tension, and it will take measures to ensure that armed strength developed for defense of area as a whole is not misused and misdirected toward aggressive purposes within area itself.

Fourth, particular importance is attached by United States to deterring an outbreak of hostilities in area, and to assuring security Israel and of each individual Arab state. This Government stands firmly behind Tripartite Declaration of May 25, 1950 issued in common with Governments United Kingdom and France. Declaration included statement that 'The Three Governments, should they find that any of these states (The Arab States or Israel) was preparing to violate frontiers or armistice lines, would, consistently with their obligations as members of the United Nations, immediately take action, both within and outside the United Nations, to prevent such violation.' United States is confident that states of area, consistent with their obligations under Charter of United Nations or the pertinent armistice agreements, will not resort to force to resolve their differences. Should this confidence prove misplaced and an armed attack occur by an Arab state on Israel or by Israel on an Arab state, United States in accordance with its constitutional processes and Tripartite Declaration will immediately take appropriate action to cut off aid to aggressor and to seek to thwart such aggression.

I trust that this statement of United States policy will meet Israel's desire for assurances that, should she become target of aggression, United States would take appropriate action to protect Israel's security. It is wish of United States to put at rest the spectre of a renewal of intra-area conflict and to facilitate creation of strength against outside aggression in order that every state in Near East without fear may devote its energies to realizing the economic and social advances rightly demanded by its peoples."

SMITH

No. 882

784A.5/9-154: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

SECRET WASHINGTON, September 1, 1954—7:17 p. m.

129. Accordance suggestion your 209 [2] Acting Asst Secy NEA called Shiloah into Dept for discussions first. Jernegan expressed concern news from Israel did not indicate Secretary's efforts reassure Israelis had been successful in calming apprehensions or creating atmosphere for effective further US action along lines these reassurances. PriMin's speech August 30 seemed follow unconstructive line given to Russell by Eban (ur 190). [3] US had hoped IG would take course action of reassuring own people stating they in contact with US and UK on matters affecting Israel's security and expressing hope satisfactory outcome could be expected. Public statements such as PriMin's and Argov's (ur 216) [4] seemed be of nature incite elements in Israel calling for "preventive war". Was sure IG agreed US position recently reaffirmed by President Eisenhower absolutely repudiating concept "preventive war". Jernegan reiterated Secretary's statements of reassurance stated we still examining means of offering further assurance to Israel but task much more difficult unless IG endeavors create calmer atmosphere among own public.

Shiloah stated he would consult his government and reply in due course. Meanwhile he could assure Dept both IG and Israel people were in full agreement with US in repudiating "preventive war" Wished assure USG Secstate's comments had been taken most seriously and cited Sharett's message to Secretary (ur 207) [4] IG disturbed because facts kept coming to light contrary to optimistic assumptions evidently made by US in formulating its NE policies. IG did not question our sincerity but less sure of soundness our analysis.

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[1] Repeated by pouch to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, London, Paris, Jerusalem, Kuwait, Dhahran, Alexandria, and Haifa.

[2] Document 877.

[3] Document 868.

[4] Not printed.

SMITH

No. 883

684A.85/9-254: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

CONFIDENTIAL PRIORITY AMMAN, September 2, 1954—5 p. m.

80. King Hussein summoned me today concerning repeated incursions Israeli Army (Embtel 79). [2] He stated continued restraint by Jordan Government has patently done no good towards achieving peace because Israeli armed forces continue to enter and kill.

Confidence toward constituted authority and policy are being lost. This he mentioned as a problem both of the populace generally and with reference to Arab Legion. The Legion is undoubtedly confident of its ability to reply by raids within Israel and a point of provocation will be reached when it can no longer be restrained. King said that Jordan authorities have been very severe with infiltrators from its side. Here likewise there must be a limit and restraints may have to be slackened if Israelis continue their policy.

He said Israelis continue to ask for peace talks but there is nothing for Jordan to talk about so long as they keep the border in a state of war. He emphasized that military aggressions are the root of the problem and reviewed last night's attacks, with four men killed, three hostages taken, several wounded and an armored personnel carrier blown up.

King ended by saying Jordan would try to continue a proper line of conduct but that if the Israelis continued to demand trouble one of these days Jordan could give them plenty. This plain warning was the first time so frankly stated to me. The King was composed throughout.

I shall be glad when General Glubb returns in two weeks although even his far-sighted moderation now admits that political pressures are building up towards a point where retaliation will be difficult to hold back. A factor not so far mentioned is the more explosive quality of the national guards who are largely Palestinians.

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[1] Repeated to Tel Aviv, London, Jerusalem, Beirut, Damascus, Cairo, Baghdad, and Jidda.

[2] Telegram 79 from Amman, Sept. 2, contained reports of two incidents in the Latrun area on Sept. 1 (684A.85/9-254).

. . . .

I do not know how long these shootings and provocations can continue but judge there is no immediate danger although Jordanian patience is showing signs of severe strain. I do know that Israeli policy is damaging to the position of the US in this area.

MALLORY

No. 884

611.80/9-354: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

TOP SECRET AMMAN, September 3, 1954—1 p. m.

82. ReDepcirtel 125. [2] Department's proposed note to Israel would appear desirable if it will reduce internal and external tensions. May be noted that US places itself in peculiar and possibly propaganda furnishing position of assuring Israel against Arab aggression while calling for no restraint on continued Israeli armed entry and killings in Arab territory. There is no assurance Communists will use it but we hand them a beautiful weapon.

Recommend release note to press on delivery order avoid probably widespread misinterpretation growing out possible hints, leaks or statements in Israeli press. Also recommend deletion sentence re arms assistance of Israel which would undo much of advance we have made with Arabs. It may well be interpreted as a commitment and will likely be so reflected here from Israeli press. Since there are repeated assurances in numbered points 3 and 4 reference telegram mention of arms appears unnecessary unless to show decision has been reached we will arm Israel. [3]

MALLORY

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[1] Repeated to London, Tel Aviv, Jidda, Beirut, Cairo, Damascus, and Baghdad.

[2] Document 881.

[3] Ambassador Caffery reported the same day that he found the Statement to Israel proposed in circular telegram 125 to be unobjectionable. "I suggest, however, Department, with Arab States in view, might reiterate in final paragraph the two-way nature of US assurance." Caffery also recommended that, in view of the Arab attitude toward Turkey, direct Turkish association with the U.S. statement be avoided. (Telegram 299 from Cairo, Sept. 3, 3 p. m.; 611.80/9-354)

No. 885

611.80/9–354

The Chargé in Israel (Russell) to the Department of State

TOP SECRET PRIORITY TEL AVIV, September 3, 1954—3 p. m.

233. Department circular telegram 125.[1] Embassy believes that in light of considerations set forth by Department and in telegrams from mission, proposed statement is best designed to achieve our objectives, meets Israel's legitimate needs, and will in a helpful measure assuage fears of Israel public. It can be anticipated, on basis of statements made in recent Knesset debates and by IG officials privately, that IG will take position that statement is not satisfactory to them. In Embassy's opinion IG would take such position with respect to any action on our part that did not: (a) Take form of a treaty giving them ability to insist on invocation of clauses of treaty when they deemed it desirable; (b) commit US to automatic and immediate military action on certain contingencies; (c) give IG promise of immediate arms aid in an amount equal to that to be furnished to all Arab States combined; (d) commit US to take action to terminate unfriendly political and economic activities of Arab States directed against Israel; (e) commit US formally to oppose any amalgamation of Arab States; (f) commit US to immediate full IG participation in area defense plan.[2]

Embassy assumes none of these now possible in view of constitutional limitations, military considerations, and our area objectives.

Embassy suggests that: (1) IG be informed of steps simultaneously in Washington and here with oral statement that action goes as far as constitutional limitations permit in commitment to guarantee Israel's borders; that if at any time situation appears to require it, consideration will be given to asking congressional authorization to use force; that USG's desire to give sympathetic attention to Israel's needs would be aided by their constructive cooperation in achieving area goals of security and relaxation of tension; (2) friends of Israel in US be advised informally as soon as possible by Department officers of reasons why this action goes as far as possible, why we believe it is adequate, and of our hopes for Israel's cooperation.

RUSSELL

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[1] Document 881.

[2] Points (a)–(f) here were subsequently reiterated in an attachment to a briefing memorandum of Sept. 14 from Byroade to Dulles in preparation for Eban's call at the Department on Sept. 15. (601.84A11/9–1454)

No. 886

611.80/9–354: Telegram

The Chargé in Iraq (Ireland) to the Department of State[1]

TOP SECRET PRIORITY BAGHDAD, September 3, 1954—5 p. m.

135. While Department is certainly best able judge necessity of giving Israel assurances of type proposed in Department Circular telegram 125,[2] Embassy feels duty to call attention to fact that unilateral declaration to Israel as phrased, together with the inevitable knowledge in Arab States that Israel has succeeded in pressurizing US into issuing such assurances, will negate in Iraq the thoughtful and constructive efforts of past 18 months to restore confidence in US as being as genuinely interested in friendship of 40 million Arabs as of 1 1/2 million Israelis, the gradual realization of which has done much to reverse dangerous trend of Arab world away from US and the West. It may well vitiate long and painful efforts we have made in guiding Iraq toward concept of effective regional defense planning. No amount of secondary phrasing indicating similar concern for Arabs can obscure fact that in Iraqi eyes any such gesture will be regarded as gratuitous and unwarranted assurance to aggressor nation. We do not presume judge correctness of Iraqi (vis-à-vis Israel), but must point out that Iraqi conviction of aggressive Israeli designs in recent frontier incidents with neighboring Arab States is no less real than the alleged Israeli fear of Arab attack which motivates this declaration. Iraqis will find it particularly difficult to understand appearance note at this time in light of:

(1) Fact that most of recent Israel–Jordan border incidents have been of Israeli origin. (Amman to Department 79 September 2.)[3]

(2) No US arms have yet been received in Iraq, which is only country with military assistance agreement. Iraq has issued no threats against Israel and appears to be genuinely oriented towards defense north and northwest. Department may doubt Iraqi undertaking that US arms will be used only in defense of itself and free world but proposed note to Israel would publicly reflect suspicion of Iraq's pledged word and would not fail to cause resentment there.

(3) Iraq has now put forward collective security plan, under Article 51 of UN Charter, with request for US comments and suggestions of modifications to meet US views and containing avowed objective of peace with Israel to which we have not yet given our definite reply. While plan may come to naught, it does provide evi-

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[1] Repeated to Cairo, Amman, Beirut, Damascus, Jidda, Jerusalem, Tripoli, Tel Aviv, Ankara, and London.

[2] Document 881.

[3] See footnote 2, Document 883.

dence that some constructive thinking re ultimate peace with Israelis beginning to be manifest.

Embassy fears that impact of unilateral note on Nuri and other responsible Iraqis may, among other things, result immediately in new low in confidence US objectives this area, increase reluctance to adhere to US-sponsored Turkish Pakistan pact, particularly if Turkey associates itself with proposed note, and renew Nuri's interest in his scheme, a multilateral defense system including Pakistan and UK but not Turkey (Embassy telegram 86[4]). It will certainly provide grist for anti-US and neutralist forces against US and all US-sponsored defense arrangements.

Embassy continues believe simple statement best of alternatives if Department of opinion absolutely imperative some action this regard be taken (Embassy telegram 112[4]). Department may wish to consider desirability, as suggested Department Circular telegram 125, of sending simultaneous statement to all Arab States as well as to Israel. In such case, third paragraph might well be modified to read in following sense: "First. Traditional friendship of the US for all states in the area remains firm and has in no way been diminished or modified."

Such expedient should serve to satisfy Israel without alienating confidence of Arabs.

IRELAND

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[4] Not printed.

No. 887

611.80/9–454 Telegram

The Chargé in Syria (Strong) to the Department of State[1]

TOP SECRET DAMASCUS, September 4, 1954—1 p.m.

104. Department circular telegram 125, September 1. Regardless wording, US statement directed Israel alone would: (1) Be interpreted here as acceptance Israeli contention threat area stability comes from Arabs; (2) Result increase Syrian receptivity Soviet blandishments (Embtel 96, August 30); (3) Revive Syrian belief partiality; (4) Ill accord US estimate Israeli "preponderant military strength." (paragraph 6i NSC 5428).[2] Department's proposal would cause least controversy in Syria provided note containing similar

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[1] Repeated to Baghdad, Beirut, Cairo, Jidda, and Tel Aviv.

[2] Document 219.

assurances and sanctions at same time delivered GOS. If publicity inevitable, should be even handed. Parallel US action vis-à-vis Israel and Arab States would follow pattern tripartite declaration.

Apparent intention publicize which increases need for balanced treatment leads Embassy suggest following modifications in Department's wording.

a. When speaking "security" avoid listing Israel invariably first; when speaking of "armed attack" avoid listing Arabs invariably first;
b. In third paragraph statement, omit "traditional" since US ties with Arabs antedate creation Israel. Insert "equal" before "friendship" in second line and delete "also";
c. At end fourth paragraph recommend "solutions of particular problems offer best prospect progress toward eventual goal of peace" rather than present wording which overly vague;
d. In paragraph 5, suggest specific reference arms aid to certain Arab States along with statement aid Israel not excluded. Such wording might serve emphasize Israel's legitimate security problem and consequent need some US-Israel exchange.

Embassy appreciates problem facing Department and extent to which Israel fears justified but urges that US attention Israeli security problem not be at expense broader US area objectives (page 5, NSC 5428)[3] effective cooperation Arab States, including Syria, in face increasingly active USSR.

STRONG

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[3] Page 5 of NSC 5428 contained paragraphs 6e through 6i.

No. 888

611.80/9–454: Telegram

The Ambassador in Lebanon (Hare) to the Department of State[1]

TOP SECRET BEIRUT, September 4, 1954—2 p. m.

211. We continue feel that giving assurances to Israel at this time is not justified by facts of situation in which it is Israel, rather than the Arab states, which is assuming belligerent posture and in which any danger to Israel of our giving arms aid to Arabs is distinctly remote. However, if for reasons which Department considers compelling delivery of some such note is necessary, draft communicated in Cirtel 124, September 1 is considered reasonable presentation and one which conforms to actuality. Point on which Arabs will undoubtedly seize and which will be given headline

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[1] Repeated to Tel Aviv, Amman, Baghdad, Cairo, Damascus, and Jidda.

treatment is suggested arms assistance to Israel. It would be preferable if their emotions were not needlessly excited by inclusion this point but, if mention considered essential, we believe association of this idea with concept of regional defense is best approach.

Hare

No. 889

611.80/9-454: Telegram

The Ambassador in France (Dillon) to the Department of State

TOP SECRET PARIS, September 4, 1954—2 p. m.

981. Embassy would urge that proposed statement of U.S. policy re NE area (Dept's Cirtel 125 Sept 1) be discussed with French at same time as with U.K. and Turkey. While unilateral action by U.S. in announcing this policy without previous discussion with French would be unpalatable to them, failure to give them equal opportunity with U.K. and Turkey to comment on statement or make parallel statement or associate themselves with U.S. statement would be omission for which plausible explanation could not easily be found, particularly in view French adherence to Tripartite Declaration referred to in statement.

Rather than separate statements designed for Israel and Arab States respectively where variance or wording would be carefully weighed for significance, Embassy believes single statement designed for both Israel and Arab consumption would be preferable. This would appear require only limited modifications of present draft, i.e. addition of sentence in point 3 to reflect extension of military aid to Arab States and addition of clause in second para of point 4 to express hope that statement will likewise reassure Arabs on U.S. policy in event Israeli aggression.

Dillon

No. 890

684A.85/9-454 Telegram

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, September 4, 1954—2:37 p. m.
PRIORITY

143. Acting Asst Secy NEA advised Israel Chargé fourth as follows:

Begin summary: Dept views with great concern reports organized and armed force Israel military numbering several hundred conducted operations Jordan territory area villages Beit Sira, Beit Liqya and Khirbet al Misbah early morning Sept 2.

It is realized infiltrators from Jordan continue constitute serious problem Israel, particularly to inhabitants agricultural settlements close to HKJ-Israel armistice line. At same time it must be said Israel's apparent policy of organized and armed retaliation has not only already been condemned but it has also brought about heightened rather than reduced tensions along armistice line.

It is to interest US as well as peoples of area that there be reduction these tensions and, step-by-step move toward peace between Israel and her neighbors. Peace in NE must be painstakingly built through measures calculated diminish areas conflict and lessen hatreds. Armed retaliatory raids not such measures.

Dept strongly hopes Israel will abandon armed retaliation, and that both Israel and Jordan will cooperate wholeheartedly with appropriate UN organs in enforcement of General Armistice Agreement. *End summary.*

Dept does not intend release foregoing to press but question from press at Sept 7 conference re reason for Shiloah's call will be answered if it arises along above lines. Tel Aviv may in its discretion make similar statement to IG. Amman and other addressees Arab states authorized informally advise Govts of action taken, if deemed useful.

SMITH

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[1] Sent also to Amman priority, Beirut, Baghdad, Cairo, Damascus, Jidda, London, and Paris.

No. 891

611.80/9-654 Telegram

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

TOP SECRET PRIORITY JIDDA, September 6, 1954—5 p. m.

101. Personal for Assistant Secretary Byroade from Ambassador. Re Depcirtels 108 [1] and 125. [2]

1. Many times have I blessed you for telling me on eve my departure for this post nine months ago that I need not crack my brains over Arab-Israeli problem; this was to be a straight bilateral US-Saudi relations job.

At Istanbul, however, I welcomed opportunity associate myself with conference recommendations notably as to reaffirming and strengthening tripartite declaration as deterrent to threatening Israeli expansionism.

That threat seems today even more acute whereas policy you are now considering seems by comparison with that recommended at Istanbul distressingly inadequate; and I feel sure that to Arabs conclusion of treaty with Israel and reaffirmation of traditional friendship for States of area would seem mockery of self-contradiction.

I fear it is not inapposite to recall comment often heard earlier years that road to Palestine disaster was paved with palliatives.

2. I would like proposed restatement of policy much better if following indicated deletions and changes could be made:

Let opening paragraph read simply: "traditional friendship of US for all States of area remains firm."

Let second sentence of second paragraph also read simply: "present absence of peace perpetuates weakness in area:" and I should prefer delete third sentence this paragraph.

In third paragraph delete all of third sentence and first clause of fourth sentence which would then begin: "US Government will take measures to ensure".

In first sentence fourth paragraph delete words "Israel" and "Arab". Begin fourth sentence with "US believes" instead of "US is confident"; and in fifth sentence change "confidence" to "belief".

Finally in same sentence because current threat comes rather from Israel than from any Arab State it would seem well to reverse order of promised armed attacks; and I should prefer to see last two sentences this paragraph set forth as separate final paragraph of statement beginning: "Fifth US believes".

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[1] Document 867.

[2] Document 881.

Please have statement re-typed this alternate form and look at it carefully. In this form I think it can be sold to Arabs; in yours I fear it will be but last of long line ineffective palliatives.

Wadsworth

No. 892

674.84A/9-1054: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, September 10, 1954—5 p. m.

260. I called today, at his request, on Prime Minister at Hakirya, Tel Aviv. He referred to last three incidents along Israeli-Egyptian border which he said were particularly grave. In first, tractor driver killed, but he attached more importance to the succeeding two incidents of sabotage: First, destruction of bridge; second, dynamiting of water pipe, which had every appearance of military planning (though possibly not of military execution). In case of bridge, no civilians in area and it, therefore, appears to be "naked provocation". In addition, number of infiltrators recently captured who admitted to being spies, which strengthens appearance of military preparation on part of Egypt. Prime Minister said special care is being taken to prevent any immediate and direct reaction to above incidents insofar as lies within power of organized authority. Prime Minister said "Now that US is connected with Egypt," what we say should carry more weight than before. Aid extended to Cairo behaving is one thing, to Cairo not behaving is another.

Prime Minister said he would like to make not a request but a query: Would USG call attention of Egyptian Government to this highly disturbing state of affairs, and publish the fact it has done so?

Prime Minister said theory is germinating in minds of some of people of Israel that recent developments are manifestations of plan to drive Israel into sharp and far-reaching action and thus have Israel appear to world as aggressor, nullifying all of its efforts over past six years to bring about peace. Prime Minister suggested Egyptian Government might be told that this is seen through and that it cannot get away with such a game.

I told Prime Minister I had no evidence that incidents on Egyptian border related to Beit Liqya but I felt area situation had deteriorated as result of it. We had feeling IG had given little cooperation in steps which Secretary and Chargé had informed IG we were giving attention to—to improve prospects of peace and Israel's security. Neither Prime Minister nor Eban had conveyed to Israel public the sentiments which Prime Minister had previously expressed to me; on contrary, attempt made to undermine our position. I said we had received from responsible quarters intelligence to effect Israel would make attack on Jordan during maneuvers; that Embassy had recommended against an approach to IG on ground it was difficult to believe IDF would make attack in midst of extraordinary efforts toward peace we were undertaking; that incidentally Embassy's ability to convey convincing assurances of IG's cooperative intentions had, of course, been impaired. Prime Minister expressed his regret at latter; said he "did not know who was responsible for Beit Liqya". He hinted clearly, without actually saying, that attack carried out by IDF, without his knowledge, in order forestall increase of pro-Herut sentiment following attacks during previous weeks on two Herut settlements.

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[1] Repeated to Cairo; sent by pouch to Jerusalem, Amman, Damascus, and Beirut.

RUSSELL

No. 893

684A.86/9-1554

Memorandum of Conversation, by the Officer in Charge of Israel–Jordan Affairs (Bergus)

SECRET [WASHINGTON,] September 15, 1954.

Subject: Israel Proposals for U.S. Measures of Reassurance.

Participants: The Secretary
Mr. Herbert Hoover, Jr.
Ambassador Abba Eban of Israel
Minister Reuven Shiloah of Israel
NEA—Mr. Byroade
NE—Mr. Bergus

Ambassador Eban opened the conversation by stating that he had found within the Israel Government and among the public there a sense of "isolation, vulnerability and insecurity". The leaders of the Israel Government had felt unable to attempt to calm public fears inasmuch as they themselves shared these feelings of apprehension. The Israel Government had considered the Secretary's remarks of August 7 and Mr. Eban was now fully authorized to say that his Government felt there were certain measures which the U.S. could take to allay this apprehension.

Total Arab resources of territory, population and natural wealth were infinitely greater than those of Israel. The Israelis had no complaint about this situation with which they would have to learn to live. Added to this, however, were Israel's political disadvantages. Israel's neighbors had the Arab Collective Security Pact, and other security arrangements, some with the U.K. Israel had none of these. It appeared that defense plans were being made in the Near East to the exclusion of Israel. The Israelis were not panic-stricken and felt that if they were attacked by the Arabs they would win. They preferred, however, to avoid hostilities. The Egyptian Prime Minister's recent statement laying claim to the Negev had increased feelings of insecurity. The only bright spot in the picture had been the Secretary's August talks with Mr. Eban. Mr. Eban read an Israel press account of one of his speeches to the Israelis reporting that he was encouraged by the fact that the Secretary was personally interested in Israel's problems. Israel's proposals came under four headings and their general theme was "equality".

1. *Balance of Power*. Israel desired equality in security relationships in the N.E. as was implied in the Tripartite Declaration of 1950. Specifically, Israel was concerned at the special political and military advantages to Iraq (and potentially Egypt) flowing from the grant military aid agreement with the U.S. Iraq and Egypt would have these advantages in addition to their commitments from the U.K. Israel would have nothing. Israel would like such a relationship with the U.S. even if arms grants under any agreement reached were not of substantial significance. Mr. Eban reminded the Secretary that popular estimates of Israel's great strength as against collective Arab strength were over-flattering. He pointed out that the Arabs, according to Israel's best information, were spending 105 million pounds sterling this year for defense as against Israel's expenditure of less than one-fifth of that sum. Similar ratios existed in such items as jet planes. It was hoped that through a system of U.S. grant military aid agreements with Israel and the Arab states, a rough equality between Israel and the Arab states could be maintained for a period of from one to three years. This would mean a certain abstinence on the part of the U.S. in supplying arms to the Arabs and a certain amount of American assistance to Israel in meeting her military needs.

2. *Defensive Alliances*. Mr. Eban stated that he had been instructed to call to the Secretary's attention the fact that Israel was the only Near Eastern state which did not have a defensive alliance with anyone. The Israel Government saw no purpose in formally requesting a defensive alliance at this time. The possibility of such an alliance, however, should be borne in mind for consider-

ation as the demographic factors of superiority on the Arab side come more and more into play.

3. *Suez Canal Blockade.* The Egyptians were now in general displaying a tendency to permit all categories of Israel-bound cargo, except petroleum products, through the Canal, but their spasmodic restrictions resulted in a total effect of discouragement. Egypt's lifting the embargo would demonstrate her belief in freedom of commerce, and her respect for international law. Israel had been given to understand that the U.S. could not condition its economic aid on Egypt's lifting the blockade because of a prior commitment. Israel understood and respected this U.S. commitment. Mr. Eban asked, however, that the U.S. take the line with the Egyptians that the continuation and magnitude of U.S. economic aid would be related to Egypt's attitude on the question of the Suez blockade.

4. *Recognition of Arab Collective Security Pact.* Israel was making a strong protest to the U.K. for having accorded diplomatic recognition to the ACSP by mentioning it in the "Heads of Agreement" with the Egyptians on the Suez Base. There appeared to be indirect U.S. recognition of the pact as well, inasmuch as the U.S. had endorsed the Anglo-Egyptian agreement. Status and dignity were being given to a pact which was aimed against Israel. It was also made to appear that the West was indifferent to the possibility of an attack on Israel, since such an attack would not automatically reactivate the Base.

The Secretary regretted that the pressure of his time in view of his imminent departure for Europe made it impossible for him to discuss the Ambassador's proposals in detail. He assumed that the Israel Ambassador wished to carry on the discussions and recommended that Mr. Eban continue this exchange of views with Mr. Byroade. The Secretary felt that continuation of these discussions would be useful. He mentioned that he had seen reports whereby Mr. Eban in public speeches in Israel had mentioned the possibility of carrying Israel's case directly to the American people. Statements such as these were not conducive to progress in our efforts to assist Israel.

The Secretary also questioned whether the concept of equality could be the theme for the discussions. For demographic and other reasons already put by Mr. Eban it was obvious that there was no way in which the U.S. could create equality between Israel and the Arab states. Our policy in the area was one of impartiality which was not the same thing as equality.[1]

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[1] This conversation was summarized in telegram 162 to Tel Aviv, Sept. 16, repeated to Cairo, London, Paris, Ankara, Amman, Baghdad, Beirut, Damascus, Jidda, and Jerusalem. (784A.5/9–1654)

No. 894

674.87/8-2354: Telegram

The Acting Secretary of State to the Embassy in Egypt [1]

CONFIDENTIAL WASHINGTON, September 16, 1954—11:01 a. m.

443. Although we do not believe GOE instigating incidents Gaza Strip we think firmer measures should be taken to prevent their occurrence and avoid dangerous chain reaction. Particularly disturbing is fact high explosives are somehow getting into Gaza and that groups apparently skilled in demolition work are operating from there. In case of recent Israel attacks Jordan border strong representations made by Department and publicity given.

Accordingly Cairo instructed make following points FonMin:

1. US disturbed outbreak incidents Gaza strip for which Egypt condemned by MAC Cairo's 244 [2] and which could lead increasingly serious situation. We sure Egypt concurs with our view on necessity avoiding embroilment with Israel.
2. We feel withdrawal Palestinian battalion from front line position was useful move and should result in greater stability. However, we hope Egypt will take more energetic action to curb infiltration and prevent unauthorized persons on frontier from obtaining and using explosives or other weapons.

Tel Aviv authorized inform GOI US made representations re murder tractor driver and pipeline case for which Egypt condemned by MAC. Embassy should add we hope Israel also will take constructive preventive action in cooperation with UNTSO especially regular and prompt attendance MAC meetings and participation in work of special committee provided for in Armistice Agreement.

SMITH

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[1] Sent also to Tel Aviv.

[2] Not printed.

No. 895

684A.85/9-2054

Memorandum by the Deputy Director of the Office of Near Eastern Affairs (Dorsey) to the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

CONFIDENTIAL [WASHINGTON,] September 20, 1954.

Subject: Status of 11 Proposals for Tranquilization of the Israel-Jordan Border.

NE finds a notable lack of enthusiasm on the part of the French and the British to undertake a further *démarche* on these proposals.

The French have expressed the view that any further discussions along these lines could best be held between our three delegations to the United Nations and the Secretary-General. They further think that if any more tripartite discussions with the parties should by any chance be indicated, such discussions should be held in Washington, Paris, or London, rather than in Amman and Tel Aviv. The French appear to be staking their all on their efforts to demilitarize Jerusalem.

The British feel that continuing consultation with the Secretary-General on such of the proposals as can be carried out by him (augmentation of MAC staffs, publicity for MAC decisions, increase in number of UN observers, additional equipment for observers, etc.) represents just about all that can be usefully done at this time. The British are impressed by Israel's assurances to them that Israel will return to the Israel–Jordan MAC, once Commander Hutchison has left it. Their inclination appears to be one of letting sleeping dogs lie and hoping that General Burns will be able to improve the situation significantly once Israel has returned to the MAC. The British have also indicated that they would not be interested in an Anglo-American *démarche* made to the exclusion of the French. This does not, however, rule out the possibility of seeking and obtaining British support to a U.S. move, if one were made.

We feel that the 11 proposals should not be permitted to die, if only for the reason that Israel and Jordan should not be permitted to treat proposals put forth by ourselves, the French, and the British in such a cavalier manner. We are also disturbed at the tendency on the part of the Israelis to resist any activity designed to strengthen the armistice machinery as an infringement of Israel's sovereignty. (This resistance rings hollow in view of the customary Israel position that the armistice is inadequate.) The press campaign against the permanent stationing of UN observers in ticklish areas along the border (which you have noted in Tel Aviv's 268 of September 15)[1] is a case in point.

Given the lack of French and British enthusiasm, it is felt that it would be best not to pursue the matter with them until we have something in the nature of a concrete proposal for a second *démarche*. We feel that we need field comment and guidance before attempting to draft such a proposal.

Recommendation

That you sign the attached telegram to the field.[2]

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[1] Not printed.

[2] Sent as telegram 173 to Tel Aviv, *infra*.

No. 896

684A.85/9-2154: Telegram

The Acting Secretary of State to the Embassy in Israel[1]

CONFIDENTIAL WASHINGTON, September 21, 1954—12:55 p. m.

173. Dept's instruction CA-6175 April 28 and subsequent correspondence relative eleven tripartite proposals for measures case tension Israel-Jordan armistice line.

Dept now considering detailed discussions with French and British re possible second *démarche* to IC and HKJ re tripartite proposals. Before launching discussions telegraphed views of addressees are needed as to utility, timing, and content such second *démarche*. Dept disturbed at apparent tendency Israelis look upon measures designed strengthen UNTSO machinery as infringement Israel sovereignty (Tel Aviv's 268).[2]

SMITH

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[1] Sent also to Amman as telegram 123, and to Jerusalem as 33; sent by pouch to London, Paris, Baghdad, Beirut, Cairo, Damascus, and Jidda.

[2] Not printed.

No. 897

684A.85/9–2354: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, September 23, 1954—10 p. m.

291. Deptel 173. [2] In view of (a) new element introduced by reported statement of British Under Secretary Selwyn Lloyd that British willing to offer its good offices to assist in discussions looking toward peace between Israel and Arab states; (b) danger that formal second *démarche* at this time might take ball away from UNTSO chief of staff, who is showing intelligent initiative; and (c) interrelationship between Israel's attitude toward border and possible border guarantees by US, which are still in process of discussion between IG and Department, Embassy inclined to believe that formal coordinated second *démarche* in connection with tripartite proposals not desirable at this time.

Embassy suggests, however, that in discussions which Secretary and other officers of Department will be having with Eban (and possibly simultaneously in discussions here with Prime Minister) it might be pointed out that: (1) since our statements of last month to IG (Embtel 212), [3] developments (various statements by Arab leaders, willingness of British to offer offices in discussions, etc.) have strengthened our belief that opportunity exists for constructive measures that would lead in direction of peace and that much will depend upon attitude, statements, and actions of IG (particularly cessation of attacks in force across border by IDF) as to outcome of efforts. (2) UNTSO under General Burns has been moving energetically to implement a number of proposals made in tripartite proposals. A return by Israel to Israel-Jordan MAC at early date would be widely regarded as constructive step. We believe inauguration of visits to key points by UNTSO teams is one of best ways of lessening infiltration and marauding. If such visits are to take place on Jordan side, they must obviously be permitted on Israel side and we hope Israel will see desirability of this and encourage procedure. (3) We also hope that both Israel and Jordan will consider whether they cannot, as a part of the general effort to improve the situation, give their assent to some of remaining tripartite proposals such as amendment of rules permitting chairman to propose resolutions.

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[1] Repeated to Amman and Jerusalem; sent by pouch to London, Paris, Baghdad, Beirut, Cairo, Damascus, and Jidda.

[2] *Supra.*

[3] Document 879.

It might also be pointed out to IG that actual border situation during past three months does not justify IG's statements that it has worsened as result US and British policies. According to IDF-released figures, during period March 5 to June 3 there were 121 border incidents, with Arab losses of 11 killed, 7 wounded, 22 captured and Israel losses of 18 killed, 15 wounded, 4 captured. Figures for preceding three months similar. During three months June 4 to September 23 were 91 incidents with Arab losses 5 killed, 2 wounded, 47 captured and Israel losses of 11 killed, 43 wounded (Jerusalem incident), and 1 captured. This indicates a continuing serious situation stemming from basic causes which we are attempting to deal with; not recently worsening one as IG has maintained.

RUSSELL

No. 898

684A.85/9–2454: Telegram

The Ambassador in Jordan (Mallory) to the Department of State [1]

CONFIDENTIAL AMMAN, September 24, 1954—4 p. m.

109. While yet no public admissions appears to be increasing realization by responsible leaders in this part Arab world some settlement with Israel should be made. Many private discussions so indicate. Public reaction to statements of possible peace talks, to recent announcement Selwyn Lloyd in London, et cetera are less violent than would have been true six months ago. Believe possible initiate talks within reasonable period perhaps less than one year providing Israel ceases her constant excitation public opinion here, especially raids by Israeli army. Basic issue is simply belligerent Israeli attitude and policy. Unless Israel willing contribute some measure restraint in return for prospect of peaceful settlement appears useless for major powers keep devising gimmicks and approaches. Whether self engendered or forced important that quiet ensue.

Re Deptel 123 [2] and possible second *démarche* tripartite proposals: *Utility:* Believe succession of *démarches* without force behind them neither persuasive for Israel, needed by HKJ which wishes use UNTSO machinery nor helpful for United States prestige.

Timing: Many reasons indicate postponement. Israel's return MAC, which also necessary for reduction tension, will not come before Commander Hutchison's departure. See no reason for *dé-*

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[1] Repeated to Tel Aviv, Jerusalem, London, Paris, Beirut, Baghdad, Damascus, Cairo, and Jidda.

[2] Printed as telegram 173 to Tel Aviv, Document 896.

marche before then and one which followed too closely would be unwise. Both US and Jordan will hold elections soon. General Burns has suggestions to make and according newspapers September 22 Britain good offices are available to facilitate "direct or indirect" talks between parties. Next *démarche* should be made only after result of General Burns and British approaches known.

Comment: HKJ supports UNTSO machinery and will not go beyond it, if ever, until Israel cooperates in UNTSO. Once Israel back in MAC, next *démarche* needs present specific objectives and have teeth for enforcement. US aid should figure largely as instrument. Reference telegram full and even increased performance by UNTSO necessary. Any legalistic circumscription by Israel on such grounds as supposed infringement sovereignty defeats our purposes.

Most fruitful course would appear informing Israelis our continued support and friendship will be strictly conditioned upon their achieving requisites peace on border. Once done we can probably later move Arabs to discussions especially through Jordan and Egypt.

MALLORY

No. 899

984A.53/9-2854: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL PRIORITY CAIRO, September 28, 1954—4 p. m.

420. Egyptian Minister Foreign Affairs told me few minutes ago he had had somewhat confused notices of a "little incident" at southern mouth of Suez Canal. According to his reports an Israeli boat of about 100 tons, flying Israeli flag, approached southern entrance of Canal and when questioned apparently within Egyptian territorial waters, fired on Egyptians. Thereupon Egyptians had taken boat into custody.

Fawzi indicated that if this is confirmed they will bring it to attention of Security Council but will not press for any action.

He added, "I remind you that for about a year we have been very lenient indeed about shipments for Israel passing through the Canal." [2]

CAFFERY

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[1] Repeated to London, Tel Aviv, and the Arab capitals.

[2] In a letter to the Security Council of Sept. 28, Israel charged that the SS *Bat Galim*, flying the Israeli flag and bound for Haifa, had been seized by the Egyptian

Continued

No. 900

684A.85/10-154: Telegram

The Chargé in Israel (Russell) to the Department of State [1]

CONFIDENTIAL TEL AVIV, October 1, 1954—3 p. m.

306. Deptel 185. [2] Eytan, Director General Foreign Ministry, this morning, when I met him at Lydda airport at British Ambassador's leave-taking, told me Prime Minister, who is on two weeks unofficial vacation, Embassy had asked him to give me following message:

Prime Minister upset and anxious as result recent border episodes, especially along Gaza Strip. He had hoped, following his last meeting with me (Embtel 260), [3] that US would take energetic action toward Egypt and publicize it. US has in past been expeditious in making public its condemnation of Israel for similar acts and it looks as though US applying double standard. Israel's restraint, instead of having tranquilizing effect, has been rewarded by two extremely serious incidents including killing of two men at Beit Hashikma. As result, atmosphere in that part Israel extremely grim. Sharett says he has taken pains to see that as far as lies within power of Israel Government nothing will be done but doesn't know how long he can maintain restraint in light of new incidents. Would like to feel US would take energetic action and publicize it. That of itself would have tranquilizing effect. Also, situation on Jordan border getting serious again. Three days ago one of most valuable flocks of blooded sheep in country, worth IL75,000, stolen from Kibbutz. Day before yesterday man killed at Bar Ginra in Jerusalem corridor.

I told Eytan: (1) With respect publicity of US position on order [*border*] incidents we drew distinction between army action such as Beit Liqya and private marauding. (2) Our representatives in Arab countries inclined give authorities greater credit for efforts to prevent infiltration that Israel Government accords them. (3) We believe General Burns efforts establish practice of frequent visits to trouble spots by border teams best available means of reducing very type of incident which concerns Prime Minister and we hope

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authorities at the southern entrance of the Suez Canal. (U.N. doc. S/3296) In a letter of Sept. 29, Egypt stated that the *Bat Galim* had approached the harbor of Suez and without provocation had opened fire with small arms on Egyptian fishing boats within territorial waters. Egypt had arrested the crew and ordered an inquiry to determine responsibility for the incident. (U.N. doc. S/3297)

[1] Repeated to Amman, Cairo, and Jerusalem.

[2] Not printed.

[3] Document 892.

Israel Government will find a way to give its support to Burns' efforts. (4) While border incidents to any degree must be cause of concern to all, IDF figures do not indicate that situation in last few months noticeably worse than average and we have hopes that return of Israel Government representatives to Israel–Jordan MAC, energetic support by Israel government of UNTSO's efforts generally, and further progress in implementing tripartite proposals will result in gradual improvement (Embtel 291).[4]

I also asked Eytan if he could give me some background on line of thought which led to sending of *Bat Galim* to Suez at this time rather than awaiting efforts to work out improved practices by Egyptian Government in connection Suez passage. Eytan said he had another appointment, would report my remarks to Prime Minister and see me again within next day or two.

RUSSELL

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[4] Document 897.

No. 901

110.11 DU/10–254: Telegram

The Secretary of State to the Department of State

SECRET LONDON, October 2, 1954—11 p. m.

Dulte 25. At luncheon October 2 with Eden, we briefly discussed Suez Canal blockade situation. We agreed on desirability clearing up the situation and Eden asked that we consider possibility joining *démarche* in Cairo by our two Ambassadors. In general connection Arab-Israeli relations, Eden reverted to his suggestion last April that the two of us should attempt a Trieste approach, believing both might be ready for settlement, while continuing unwilling to sit down same room together.

As we rose from table, Eden said ruefully that when he was in opposition, he suggested British send destroyer through Canal to clear blockade, a statement which he had lived to regret.

DULLES

No. 902

674.84A/10–454 Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, October 4, 1954—2 p. m.

451. I fully concur with four points Russell made to Eytan (Tel Aviv telegram 306) [2] re Gaza Strip border situation. Following comments refer to his four points:

1. All incidents of which Israel complains are in category of private marauding. For example, at emergency meeting October 2, Egypt condemned in case of two Israelis killed September 25 (Tel Aviv telegram 298) [3] and Chairman abstained in case of tractor driver shot in hand (Tel Aviv telegram 281) [3] whereas Israel condemned for mortar fire, on September 28, on Egyptian military post.
2. Egypt not only talks about desiring control infiltration but takes helpful unilateral action such as withdrawal Palestinian battalion from front positions and imposition curfew in Strip.
3. Egypt allows UN observers move about freely anywhere in Strip even after curfew and with or without accompanying Egyptians. Only control is requirement permission enter or leave Strip after dark which permission readily and speedily granted.
4. According to her and Embassy's own impression number of incidents along DL recently actually less than average.

Egyptians believe Israelis seeking inflate normal incidents in Gaza area with object discrediting Egypt in connection Suez base settlement and US aid negotiations.

CAFFERY

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[1] Repeated to Tel Aviv, Amman, and Jerusalem.

[2] Document 900.

[3] Not printed.

No. 903

984A.53/10–154 Telegram

The Secretary of State to the Embassy in Egypt [1]

CONFIDENTIAL WASHINGTON, October 4, 1954—6:57 p. m.

541. Eban his request called Murphy Oct. 1. [2] Recounted events surrounding detention *Bat Galim* at Suez by Egyptians. Formally

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[1] Repeated to Tel Aviv, London, Paris, and Damascus; sent by pouch to Amman, Baghdad, Beirut, Jidda, Port Said, and New York.

[2] The memorandum of this conversation is in file 674.84A/10-154.

assured USG vessel was unarmed and engaged in no aggressive acts. Dismissed Egypt's allegations of hostile acts as complete fabrication. Stated Egyptian story had been received with "injured skepticism" by majority delegations at UN well as UNSYG and President SC.

Eban recapitulated legal basis 1951 SC resolution calling upon Egypt open Canal to Israel shipping. Stated problem had recently assumed increased importance Israel for two reasons: 1) Economic. Blockade of Canal hurting trade between Israel and countries of Africa and Asia such as Ethiopia, Thailand and Burma with whom Israel had hopes increasing trade. Prevention supply Iranian oil to Israel was costing country $10 to 15 million annually. Israel had been able carry on some trade through Canal by use other flag vessels but this in many cases involved embroilment third country in Israel-Egyptian dispute and it was becoming increasingly difficult find willing third party carriers. 2) Political. IG did not feel UK had been sufficiently vigilant in its efforts preserve freedom of navigation Canal. Israel therefore felt that before Egypt was left by world as undisputed sole possessor Suez Canal area her good intentions should be tested. Eban admitted *Bat Galim* had been test case and stated test cases were legitimate practice in international law.

Israel had hoped Egypt would have permitted vessel to pass. Israel had given notice to SC in May she would attempt achieve progressive relaxation Egyptian restrictions.

Israel would be taking matter up formally with SC if that body were not "veto-ridden." Israel had not ruled out possibility USSR might even support her at this time. Eban noted that USSR had taken up matter freedom navigation China Sea with SC on Sept. 30. On balance however Israel preferred avoid SC if possible. UNSYG had stated to Eban that because of weakness of SC, good officers were better in this situation. UNSYG plans speak to Egyptian representative in UN on this matter. Israel also requests US seek release vessel from Egyptian authorities. IG is encouraged by fact Egyptian Government has so far not committed itself to non-release of vessel. GOE justified detention on basis alleged shooting incidents. Should these allegations be proved unfounded way would be clear for vessel's release. If UNSYG and US efforts failed IG would have no alternative but approach to SC.

Murphy informed Eban Department would look into matter and informed IG.

Department realizes all facts this case not yet in. Impression this stage however particularly in view Embtel 436 [3] is Egypt may have

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[3] In telegram 436 from Cairo, Oct. 1, 2 p. m., Caffery reported:

Continued

fallen into Israel's well set trap through seizure by Egyptian authorities acting without prior top level clearance. Having learned of seizure Salem may have swiftly fabricated story of firing and succeeded reaching US headlines first with this version. *NY Times* tone skeptical in reporting it. Department wonders whether GOE in pulling forth its version has not seized upon only possible excuse for seizure vessel under self-defense clauses 1888 Convention which would *prima facie* accord with generally accepted interpretations that convention. Thus GOE not interfering with Canal traffic per se but taking military action against vessel which had first attacked.

If foregoing interpretation approximates truth Department would hope this implies 1) seizure of vessel not supported by Nasir and 2) GOE had not intended continue restrictions on Canal traffic but on contrary quietly drop them.

Department working level has already expressed concern Egyptian Embassy over unfortunate timing this occurrence and has requested details. You are requested informally convey Foreign Minister following reflections: 1) USG realizes all details re this incident not yet fully clarified, 2) meanwhile seizure vessel comes at most inopportune time, 3) USG interested in avoiding further publicity and SC consideration this incident and conceivable situation where USG obliged again take public stand basis SC resolution 1951, 4) USG therefore hopes GOE will find it possible soon release vessel for Suez transit if allegations of shooting prove unfounded.

Unless you see serious objections you should add that US continues believe Egypt's own interests would be best served by allowing unrestricted traffic through Suez. (Any Egyptian action in this regard need not be specifically related to Israel traffic through Canal.) We take this position not only because of our disapproval Egypt's failure comply with SC resolution September 1, 1951 but also because we anticipate there will be continuing unpleasant cases if Egypt detains Israeli ships or cargoes in future. Israel will unquestionably continue make capital of such detentions and USG will be obliged support her right of free transit pursuant to SC resolution and our interpretation self-defense clause 1888 Convention. Result will be harmful a) to US-Egyptian relations, b) to our common efforts reduce Near East tensions and c) to prospects for increased mutually beneficial collaboration between Egypt and

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"Egyptian Minister Foreign Affairs confirmed to me this morning that he had sent instructions to Egyptian representatives at New York to bring case of Israeli ship *Bat Galim* to attention of Presidents of UNGA and SC, for information only.

"I asked him 'are reports that Israelis fired on Egyptian fishermen and killed them correct?' He said (in strict confidence) 'until investigations now underway are complete I will not say definitely.' " (984A.53/10-154)

West which Nasir has clearly stated he desires and which is our avowed policy. USG hopes and believes it can work quietly and intimately with GOE to avoid all situations which embarrass our common effort to play down Arab-Israel issue and our mutual desire strengthen NE against Soviet danger.

Since drafting foregoing Israel Embassy has today notified Department Israel has submitted matter SC on instructions from Jerusalem. No explanation offered for this apparent shift in tactics.[4]

DULLES

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[4] On Oct. 4, Israel requested that a meeting of the Security Council be called to consider the earlier Israeli complaint against Egypt concerning Egyptian restrictions on the passage through the Suez Canal of ships trading with Israel. (U.N. doc. S/3300)

The *Bat Galim* was discussed by the Security Council between its 682d and 686th meetings, from Oct. 14 to Dec. 7. (U.N. docs. S/PV.682–686)

No. 904

984A.53/10-754: Telegram

The Ambassador in Egypt (Caffery) to the Department of State[1]

CONFIDENTIAL CAIRO, October 7, 1954—4 p. m.

464. Referring to Deptel 541 October 4, Egyptian Ministry Foreign Affairs told me that he appreciates sympathetic manner in which Department is endeavoring to find solution for troublesome *Bat Galim* case.

It is my impression that Egyptians will not be able to produce convincing evidence that Israel is responsible for death of Egyptian fishermen.

Department's suggestion is probably correct, that GOE seized on aggression story in attempt to justify seizure of ship and divert attention from issue of interference canal traffic.

As I have reported before, Egypt during past year has considerably relaxed controls over Israeli-bound shipping. Furthermore it is a fact that Egyptian authorities, contrary to position of Arab states, up to a few months ago, were talking about possibility of eventual agreement with Israel. However, what Egyptians consider to be recent Israeli aggressive tactics have changed all this. As matters now stand, if publicly pushed into corner Egyptians will, in face of Egyptian and Arab opinion, have no alternative but to reaffirm their previous position with respect to 1951 SC resolution.

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[1] Repeated to Tel Aviv, London, Paris, the Arab capitals, and Port Said.

Egyptians could only be induced to lift blockade against Israel in return for some *quid pro quo*. It is possible Egyptians could be induced to "cooperate" in return for Israel action on compensation of refugees and acceptance of Jordan water development on basis Johnston plan.

As indicated before, Egyptians believe that Israel objectives in this case are those set out in last paragraph Tel Aviv's 311 to Department October 4. [2] That is, (1) create complication final stages Suez base negotiations, (2) embarrass US in its efforts to lead GOE into more constructive position in ME, (3) maintain Arab-Israel tension in effort to compel UN and West to force Arab's meet with Israel.

In replying to my representations Egyptian Ministry Foreign Affairs referred with emphasis to their action taken yesterday lodging complaint with MAC and requesting MAC investigation. He takes stand that all further developments must await outcome of this investigation.

In other words, Egypt is buying time. This is an impossible moment for Egypt to make the slightest friendly gesture toward Israel, in view of what Egyptians term recent Israel provocative actions. Any such gesture now would be seized upon by Moslem brother and Communism opposition to use against him, particularly in face of upcoming final agreement with British US aid question, and approaching opening of universities.

CAFFERY

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[2] Not printed.

No. 905

674.84A/10-854

Memorandum of Conversation, by the Officer in Charge of Israel-Jordan Affairs (Bergus)

SECRET [WASHINGTON,] October 8, 1954.

Subject: Possible U.S. Measures to Allay Israel's Apprehensions.

Participants: The Secretary of State
The Under Secretary of State
Mr. Abba Eban, Ambassador of Israel
Mr. Reuven Shiloah, Minister, Embassy of Israel
NEA—Mr. Byroade
NE—Mr. Bergus

Mr. Eban opened the conversation by stating his feeling that the dangers to Israel which he had discussed in previous talks with the Secretary were drawing nearer. The Anglo-Egyptian agreement was about to be signed, there were prospects of an American military aid agreement with Egypt, and he had reports that the U.S. military aid agreement with Iraq was about to be implemented.

The Secretary informed Mr. Eban that there had been no affirmative developments regarding U.S. military aid to Egypt. The U.S. position in the matter remained unaltered, and Mr. Eban could take negative satisfaction at the fact that there had been no affirmative developments so far. The Secretary had had occasion to speak to Mr. Anthony Eden on the subject of transit rights for Israel shipping through the Suez Canal. Results could not be promised, but the Secretary thought Mr. Eden would keep Israel's problem in mind in the course of negotiations with the Egyptians.

The Secretary asked if it would be helpful if the United States were to reaffirm the Tripartite Declaration of May 1950. Mr. Eban did not feel that repetition would add to the juridical or moral force of the document, which was not, in any case, a security guarantee. The Israel view was that any U.S. document, to be useful, should include acknowledgment of the necessity of maintaining the balance of power in the area, recognition of Israel's place in our defensive plans, and support for Israel's right to use the Suez Canal.

The Secretary read to Mr. Eban the points set forth in the draft *aide-mémoire* which we might consider presenting to Israel. The draft document had just come to hand and the Secretary wished it understood that his reading of it implied no commitment. The points included: (a) a reaffirmation of traditional U.S. friendship to all the states in the area; (b) the U.S. objective of a definitive and just peace between Israel and the Arab states and our belief that a series of adjustments offered the best prospects of progress toward peace; (c) U.S. determination to strengthen the area to resist Soviet aggression and our equal determination to prevent such additional strength from being used for intra-area aggression; (d) U.S. resolution to take firm measures against any state or states launching aggression in the area.

Mr. Eban stated this document fell short of Israel's needs in that nothing was said about the balance of power nor was Israel mentioned as a subject of security arrangements.

The Secretary stated that it was difficult to find words to express the concept of a balance of power. He had seen a recent evaluation of Israel's military strength vis-à-vis her neighbors and the conclusions of such an evaluation should be very gratifying to Israel. He did not feel that Israel's security was being threatened, nor would it be threatened as a result of U.S. efforts, which would be limited in scope, to strengthen the area. Mr. Eban said that Israel felt she could presently resist Arab attack but that her position now was one of minimum equilibrium which could be easily disrupted. It would be most helpful if what the Secretary had said regarding the magnitude of U.S. military aid could be said publicly to Israel.

Mr. Eban stated he had received reports to the effect that U.S. efforts to bring Egypt and Iraq into satisfactory defense arrangements had been unsuccessful. Mr. Byroade replied that he felt progress was being made. Mr. Byroade continued that for the U.S. to agree to the balance of power would mean that the entire area would have to be kept as weak as one of its states. He felt that the best approach for lasting reassurances to Israel was to chip away at the differences between Israel and her neighbors. For example, arrangements might be made whereby Egypt would relax her blockade of Israel if Israel were to take positive steps on other things—one such example might be compensation of the Arab refugees. Mr. Eban indicated Israel's readiness to take measures looking toward peace. However, Israel could not take effective action along these lines until U.S. assurances of the type he sought were forthcoming. It was not necessary for the U.S. to guarantee a mechanical balance of power. The U.S. should, however, say, formally and publicly, that it does not intend to introduce major changes in the present situation. This would create a profitable atmosphere for further moves toward peace.

The Secretary stated that he would look into the possibilities of recasting some of the language of the draft under discussion. He indicated that he would be out of Washington for a period and suggested that Mr. Eban pursue the matter with the Under Secretary and Mr. Byroade.

No. 906

684A.86/10-854

The Israeli Ambassador (Eban) to the Secretary of State

PERSONAL AND CONFIDENTIAL WASHINGTON, 8 October 1954.
AE/54/10/9

DEAR MR. SECRETARY: The situation is so grave after our conversation today that I take the liberty of addressing my personal reflections to you even before consultation with my Government.

Our talk today was a most serious setback and disappointment. All the positive ideas which you expressed in your previous three conversations have been completely excised from the document which you discussed with me this morning; and my only source of relief was to hear that the draft was as new to you as to me and does not commit your action or decision.

May I summarise the reasons which prompt me to describe this morning's conversation as a sharp change for the worse in the situation which existed until then. On August 4 and August 7 I explained to you the facts and conditions which gave Israel its present sense of isolation and vulnerability. First, there is the implacable hostility of her neighbors; second, there is the enormous preponderance of the Arab States in relation to Israel in area, population and financial resources; third, there is the grave and extraordinary fact that all the security arrangements of the Western Powers in the Middle East have been directed and oriented towards the Arab States and have been based upon Israel's exclusion. Arab States already possess binding defence treaties with Britain; they have been offered a mutual defence association with Turkey and Pakistan; the new Anglo-Egyptian treaty is directed exclusively to the reinforcement of the strongest Arab State and to the defence of other Arab States; and one American military aid agreement has been concluded with Iraq, while another one has been offered to Egypt.

The effect is a disturbance of the balance of strength and the enunciation of Israel's exclusion as the guiding principle of security organization in the Middle East. In these circumstances our people have recently felt a growing alarm at the disadvantage in which they are being placed, as well as a profound sense of astonishment and disappointment at seeing the United States act in the Middle East with the effect of strengthening and encouraging Israel's adversaries, while excluding Israel from any process of parallel reinforcement.

In response to this account you stated that you were impressed by the picture thus drawn of Israel's sense of isolation and vulnerability; that in our situation you yourself would feel insecure and lonely; that if the effects of American policy were inadvertently to create disadvantage for Israel it would be your concern to cancel that disadvantage out; that you would like the Government and people of Israel to have a greater sense of security than they now possess; and that accordingly you would like us to consider whether it would be advantageous for the United States to formulate a Note to the Government of Israel.

Amongst the subjects to be included in such a Note you mentioned particularly:

(a) The resolve of the United States not to put Israel in a disadvantageous position;

(b) Israel's eligibility for a military aid agreement with the United States. Here you stated that you did not exclude asking the Congress for a special provision in this respect; (I later pointed out that the existing legislation would make such eligibility possible);

(c) A more specific guarantee of Israel's security than that contained in the 1950 Declaration; and

(d) Resolute efforts by the United States to bring about the unconditional cessation of the Suez Canal blockade restrictions.

You said that you were thinking of "something more than a restatement of generalities".

After returning from Israel, where I found growing disquiet and concern at the current Western policy of making unilateral security arrangements with the Arab States, with Israel's exclusion, I met you again on September 15. In that meeting I emphasised that the crux of the matter was the need to reassure Israel that the balance was not going to be substantively changed politically or practically in her disfavor.

If the United States Government would accept that principle there were two obvious corollaries. First, could not the United States formally convey to Israel that it was not the American intention to pursue military programs such as would effect a substantive change in the present balance; and second, should not the United States assert, as a matter of simple equality, that whatever military arrangements or relationships were to be offered to the Arab States, would be offered to Israel as well?

Having listened to my analysis you stated that you thought we could make some progress and should negotiate along the lines which you mentioned to me in August.

The news that you were approaching Israel's security problems in a spirit of comprehension and sympathy had meanwhile spread amongst our people. It was a source of gratification and consolation. At the same time it was clear that if this moment were to be lost and to end in disillusionment, while the United States and Britain continued to base their security activities in the Middle East solely upon strengthening the Arab States and entering into agreements with them, then a situation of exceptional gravity would be created. Israel would conclude that her survival and security were in dire peril, and this sense of peril would inspire all her policies.

Against this background you will readily understand the disappointment which came upon me when I heard the terms of a draft which had been submitted to you this morning. That draft bears no relation to the lines of your own thought as you expressed them in previous conversations. There is no talk in the draft of a Note in which the United States would seek to reassure Israel concerning her security. There is no mention of any intention to apply military policies in the Middle East in such a way as not to change the balance of power to Israel's disadvantage. These is no talk of offering Israel inclusion in the military aid program, in which the two strongest Arab States have already been offered participation. There is no talk of any approach to a security guarantee for Israel which would go beyond the existing Declaration of May 1950.

In these circumstances, I must say that the draft submitted to you which I heard this morning would not merely fail to give us any sense of reassurance but would, I fear, have the reverse effect of confirming our worst fears and apprehensions; for the author of the draft does nothing to challenge the implication that the United States will pursue a policy of giving military aid agreements and arms to Arab States alone, while offering nothing politically or militarily to Israel.

I am writing this letter in the earnest hope that it may still be possible for action to be taken which would show respect for the vulnerability and insecurity of a small country whose hostile neighbors are being strengthened and encouraged by the security arrangements of the Western Powers. This would not be the only international occasion on which your personal statesmanship lifted a deadlock onto a new plane of hopeful progress. The feeling that this was to happen here moved me to attempt to persuade my Government and people that you understood our position and desired to alleviate it. You will, therefore, understand how grievously I was affected by hearing a draft which missed the whole spirit and content of your previous analysis. Only a deep concern for the historic relationship of our two countries would have impelled me, amidst your heavy preoccupations, to write to you as frankly as I have here. I hope that you will understand that I do so out of a sense of duty and in deep personal respect.

Yours very sincerely,

ABBA EBAN

No. 907

674.84A/10-1054

Memorandum of Conversation, by the Director of the Office of Near Eastern Affairs (Hart)

SECRET [WASHINGTON,] October 10, 1954.

Subject: *Bat Galim* Case.

Participants: General Mahmoud Riad, Head of the Arab Section,
Egyptian Foreign Ministry and member of
Egyptian Delegation to the General Assembly
Mr. Parker T. Hart, Director, NE

General Riad raised the question of the *Bat Galim* and asked what I thought of Israel's action in attempting for the first time to send a vessel flying the Israeli flag through the Suez Canal. I replied that Israel had openly stated that this was a test case. "But testing for what?" asked Riad, "Could they possibly imagine that we would permit a vessel flying this flag to transit the canal?" General Riad expressed his view that the Israel Government was attempting to throw a monkey wrench into the final stages of the British-Egyptian negotiations.

While agreeing that this might be one motive for Israel's reaction, I felt more inclined to believe that the Israel Government had sent the *Bat Galim* in the belief that she would be seized and with the intention of forcing the hand of the United States on a matter of principle involving Suez Canal traffic. I said that Israel had for some time been pushing the U.S. Government to intervene in the Anglo-Egyptian negotiations of the matter of Suez Canal traffic. The U.S. Government had felt, however, that the Egyptian Government was actually dropping restrictions on traffic. I understood that a lot of cargo was being allowed to pass through the Canal to Israel. General Riad replied: "Not a lot, *all* cargo." He personally had kept an accurate record made of cargo shipment to or from Israel which had transited the Canal during several months. The Egyptian Government had not interfered since all traffic was under non-Israel flag. Egypt, however, could not permit a vessel flying the Israeli flag to enter her territorial waters and would insist on her rights in this respect under Article 10, in view of Arab opinion.

I indicated that the United States was not anxious for the principle of freedom of transit to once again come before the Security Council. However, should the principle again be an issue for Council vote, I could not see how the United States could do otherwise than go right down the line supporting the Convention of 1888 and the Security Council Resolution of 1951. I remarked that this had nothing to do with Zionist pressures in this country but was a position which we and most maritime nations of the world had taken long ago on the meaning of the Convention of 1888. Egypt was therefore likely in such a case to find most of the Western world voting against her.

Riad replied that he understood our position. If Egypt were forced to choose between the approval of the West and the approval of the Arab nations, she would unquestionably choose the latter. However, he felt that there was room for further discusion on an interpretation of the Convention of 1888 and of the Egyptian Armistice Agreement with Israel. He believed that Egypt had good grounds for asserting that Israel flag vessels could not enter her territorial waters. They might carry cargoes of explosives or otherwise endanger Egypt's security. If Egypt were to search such vessels, this would also be protested as interference. How, therefore, was Egypt to protect herself except by exclusion? He wanted my views regarding cargoes of weapons and munitions.

I replied that we were now getting into technicalities which I would have to investigate further before I could reply. However, I wished to reassert my belief that the United States would have to continue its strong stand for freedom of transit if the *Bat Galim* case became an issue of principle in the Security Council. We would not feel that because Egypt disliked the flag a vessel was flying, she was entitled to forbid her to transit.

No. 908

684A.85322/10-1554

The President's Special Representative (Johnston) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade)

SECRET WASHINGTON, October 15, 1954.

DEAR MR. BYROADE: Barring unforeseen developments, I am planning to resume negotiations on the Jordan Valley project in the Near East in January and February.

In doing so, it will be essential for me to know how far I may go in making commitments to the four interested states with respect to possible U.S. aid for other development projects outside of the Jordan Valley program itself.

As you will recall, we have on several occasions agreed that in the final stage of negotiation, the persuasive effect of an offer to assist in certain undertakings, not necessarily related to the Jordan Valley, might be decisive.

To be in a position to make any such offer, however, I shall need firm prior assurances of the assent and support of the Executive Branch, not only in terms of policy but in terms of the amounts which might be involved.

In other words, assuming that achievement of our political objectives is sufficiently important to warrant some measure of additional financial aid to the countries concerned, and assuming that an offer of such additional aid may be necessary to conclude the matter successfully, within what financial limits may I negotiate?

Whatever amount may be indicated for this purpose, it should, of course, be in addition to amounts presently contemplated under the regular economic aid program for the region. Funds under that program might conceivably be used to help finance elements of the Jordan Valley project, but there would be little bargaining value in offering aid which the governments concerned are already anticipating.

I might add that the possibility of a change in U.S. economic aid attitudes and mechanisms at the end of fiscal 1955 leads me to feel that some assurance as to my position in this matter is doubly necessary.

I shall therefore appreciate the Department's taking such steps as may be necessary to determine policy and the limits available to me, and provide, on behalf of the Executive Branch as a whole, the assurance I feel to be essential.

Sincerely yours,

ERIC JOHNSTON

No. 909

684A.86/10-854

The Secretary of State to the Israeli Ambassador (Eban)

PERSONAL AND CONFIDENTIAL WASHINGTON, October 18, 1954.

DEAR MR. AMBASSADOR: Your letter of October 8, 1954, reached me just prior to my departure from Washington. I returned this morning but, as I told you when we saw each other on October 8, I must leave for Europe tomorrow afternoon where I shall remain until October 24.

I wanted you to know, however, that I have read your letter very carefully and appreciate its frankness. I am keeping this matter under my personal review and look forward to our continuing our talks on Israel's problems. However, as certain of the issues involved have found their way into the press and have become the subject of speculation in political circles in this country on the eve of an election, it is probably best that substantive discussions on these issues be postponed until the general atmosphere is calmer.

Sincerely yours,

JOHN FOSTER DULLES

No. 910

Eisenhower Library, Eisenhower papers, Whitman file, Dulles-Herter series

Memorandum of Conversation, by the Secretary of State [1]

CONFIDENTIAL [WASHINGTON,] October 26, 1954.

MEMORANDUM OF CONVERSATION WITH AMBASSADOR EBAN OF ISRAEL

Mr. Eban called at my request at 4:00 p. m. He came privately through the private elevator and he and I were alone.

I said to the Ambassador that I thought he ought to know that we knew that there were Israeli Embassy activities which seemed clearly to go beyond the bounds of what was proper for a foreign government in that they involved domestic political action. I said that I was confident that his Government would not want to go beyond the bounds of propriety and that I felt confident that once the matter had been brought to his attention, he would take proper steps to correct the situation. I said that I did not want to make any incident of the matter at the present time.

Ambassador Eban said that he would at once look into the situation. It was, he said, difficult to keep everything under control as there was a natural desire on the part of his Government and his Embassy to develop friendships on the part of the American people; that the Arab countries were trying to develop hostility on the part of the American people and that they were inevitably forced into corresponding measures. He repeated, however, that he would at once look into the situation and attempt to control any irregularities that might exist.

JFD

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[1] Sent to President Eisenhower by Secretary Dulles on Oct. 27 under cover of a memorandum which reads:

"I attach herewith a copy of a memorandum of conversation I had yesterday with Ambassador Eban. I understand that Mr. Hoover had discussed this matter with you while I was in Europe. Only Mr. Byroade, Mr. Hoover and I are familiar with the subject matter of my conversation." (Eisenhower Library, Eisenhower papers, Whitman file, Dulles-Herter series)

No. 911

684A.85322/10-1554

The Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the President's Special Representative (Johnston)

SECRET WASHINGTON, November 1, 1954.

DEAR MR. AMBASSADOR: Your letter of October 15, 1954, raises the question of funds required to support your negotiations looking toward agreement on the Jordan Valley problem, and it is very timely to consider this subject as the Mutual Security Program for 1956 must soon be submitted for consideration by the Budget Bureau.

To take the problem as a whole, we have the following line of approach in mind:

Funds for the irrigation program in Jordan where our principal objective will be refugee settlement should be sought in the first instance through the UNRWA channel. Our present thinking is that we should look toward a U.S. contribution to UNRWA for fiscal 1956 of the order of $60 million, which would enable the relief program to be continued and substantial capital to be made available for requirements of irrigation in the Jordan Valley in Jordan and the project in Egypt's Sinai desert. UNRWA may also be required to find funds for the elements in the Jordan Valley program involving irrigation in Lebanon and Syria and this will be taken into account.

It is more difficult for us to justify the prospective power development of the Yarmuk River in terms of refugee settlement, and we would therefore propose that development assistance from Mutual Security funds be sought to finance power installations. Here we consider that it might be possible to justify a sum of the order of $25 million although we recognize that the expenditure of this amount will carry us well beyond fiscal 1956.

We have no established pattern of economic aid beyond technical assistance programs in Lebanon and in Jordan, and we have no programs at all in Syria. As was the case in the 1955 program, we think we are justified in seeking a further allotment of $20 million for these three countries using the same rationale which has served us in the past years, identifying our interest in these countries with the need for solution of the Arab refugee problem with which is linked progress in the Jordan Valley. Your letter suggests that the amounts required for your purpose be an addition to amounts "presently contemplated under the regular economic aid program". You also indicate that what you require would be funds over and beyond what these Governments anticipate. In these Arab states there is no measure of their present anticipation, and it is therefore difficult to determine the total that might be required by you inasmuch as it would apparently be the sum of two elements, one of which at least is an unknown. We consider, however, that if funds of the nature indicated above can be found for the Arab states, your position would be a strong one with the Arabs if you could relate their availability to progress in your negotiations. A provision of assistance for Egypt is also contemplated amounting to $40 million.

In the case of Israel it is easier perhaps to identify Israel's anticipations of United States Government assistance, although a provisional estimate of aid for 1956 has not yet been made. To whatever figure is determined for "the regular program" we propose to add a further $15 million to finance development projects in Israel in 1956 subject to the outcome of your negotiations; and as you have so effectively stated in the past, the attitude of the United States toward aid in future years will no doubt be affected by the position that Israel takes in cooperating with your efforts now.

We shall be interested to know whether this program appeals to you as a satisfactory one to present to the Budget Bureau. Budget Bureau approval would be the most convenient method of obtaining the support within the executive branch which you seek. You will, of course, realize that funds are not customarily voted for the Mutual Security Program by Congress until the summer, and that negotiations which you conduct in the spring cannot receive legislative support unless extraordinary measures are taken with the Congress at an earlier date.

Before you undertake your next visit to the Near East it will be well to consider other than financial inducements which might make it possible to secure a greater degree of acceptance for the Unified Plan, particularly in Israel, and we therefore hope to have a thorough review of all pertinent factors with you prior to your visit; and we agree that we should seek authority for you to offer, on behalf of the executive branch, to seek legislation to provide still further financial support from the United States if such an offer is necessary, in your judgment, to obtain a final agreement on the Jordan.

Sincerely yours,

HENRY A. BYROADE

No. 912

674.84A/11-354

The Ambassador in Israel (Lawson) to the Department of State[1]

SECRET TEL AVIV, November 3, 1954—9 p. m.

398. Eytan, Director General Foreign Ministry, called last night on Russell, saying he had come on instructions from Sharett, who planned to take up today same problem with new British Ambassador upon latter's call to present copies letter of credence.

Eytan said that IG for some time had followed moderate policy on Egyptian border in pursuance US recommendation that IG follow policy of restraint. Egyptian activites on the border, however, have been increasing in spite of IG moderate attitude and were rising to a "crescendo". These have culminated Monday evening in blowing up two houses belonging to Kurdish Jews. Fortunately, houses at moment were unoccupied. If they had been occupied there would have been large number of casualties and the "fat would have been in the fire". IG is convinced that activities are GOE-inspired and directed because: (1) IG has it indirectly on authority of high Egyptian Government official that GOE believes it can act with impunity along the border; (2) infiltrator recently captured by Israelis proved to be Sudanese, who under interrogation said he and others had been recruited and trained by Egyptian intelligence officers for sabotage activites along the border.

Eytan closed this subject by saying that Sharett wanted us to know that his position (moderation) was becoming very difficult under the circumstances of Egyptian activity on Israel side of the border. Eytan requested that the Department, through American Embassy Cairo, take measures, more forcefully than in the past, to obtain abandonment by GOE of their infiltration practices.

Tekoah, charge armistice affairs Foreign Ministry, elaborated today to Embassy counselor reasons IG conviction recent incidents GOE-inspired and directed. He said conclusion based:

> (a) Planned sabotage character of incidents, i.e., blowing up pipeline three times in six weeks (actually eleven weeks), destruction bridge near Eilath when only Egyptians vicinity were in army camps;
>
> (b) Reliable evidence provided by number of captured infiltrators in course examination and trial in which they claimed their recruitment, training and supervision was by Egyptian intelligence officers.

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[1] Repeated to Cairo and Jerusalem.

Embassy comments: In Embassy's judgment, the character and number of important incidents within IG territory along Gaza border recently makes it improbable, irrespective of which party is more responsible for basic border tension, that IG will long refrain from organized retaliatory action unless there is a marked diminution such activity. Eytan's message from Sharett may be taken as meaning that IDF elements are pressing for greater freedom of action in dealing with Gaza border problem.

Eytan left summary recent incidents Egyptian border which will be transmitted Department. Important incidents listed were those reported Embtels 238, 251, 298 and Weekas 36, 38, and 43. [2]

LAWSON

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[2] None printed. Ambassador Caffery reported as follows on Nov. 6:

"I brought to attention of Minister Foreign Affairs the matter in Tel Aviv's telegram 398 Nov. 3. The Minister said that he could assure me that if anything of the kind is going on it is without the knowledge of responsible Egyptian authorities. He will take up the matter with Prime Minister, Ministers of War and Interior to ascertain if there is any truth in the Israeli allegations. He does not believe that they are true. If they are true, corrective steps must be taken at once." (Telegram 617 from Cairo, Nov. 6, 3 p. m.; 674.84A/11-654)

No. 913

974.7301/11-454: Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, November 4, 1954—7:19 p. m.

241. We believe that continued debate in SC of Egyptian restrictions on Suez Canal traffic will only exacerbate situation NE without producing practical results. Israel appears intent on pressing issue in SC and Egypt on resisting pressures from SC.

To break stalemate we believe SC might adopt resolution referring question legality continuing Egyptian restrictions to ICJ thus forestalling further SC debate until opinion rendered on grounds matter *sub judice*. At same time SC could note Azmi October 14 statement that Egypt "has refrained from any interference with vessels conveying goods to Israel or coming from Israel ports and passing through Suez Canal". Although probably not intended by Azmi to encompass Israel flag ships, policy enunciated if carried out would remove in practice large part of burden of restrictions on Israel. Formal note of policy by SC would tend to insure its implementation and lessen deterrent effect restrictions emphasized by Eban.

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[1] Repeated to Cairo, Tel Aviv, London, and Paris.

Accordingly USUN requested comment on tentative draft resolution given below and discuss matter with UK delegation. We envisage that USUN would subsequently discuss idea with Egyptians in confidence and without showing them resolution. We hope Egypt will feel able concur in suggested procedure. Particularly useful would be statement by Egyptian delegate reaffirming declaration quoted above.

"*The Security Council,*

Noting its resolution S/2322 of September 1, 1951,

Noting that the Government of Egypt has not revoked decrees imposing certain restrictions upon the passage through the Suez Canal of ships and goods bound to or from Israel,

Noting the statement by the Representative of Egypt in the Security Council that the Government of Egypt "has refrained from any interference with vessels conveying goods to Israel or coming from Israel ports and passing through the Suez Canal,"

Considering that there are involved questions of a legal nature in connection with the determination of privileges of freedom of transit through the Suez Canal,

Considering further the desirability of an adequate consideration of these legal issues and a pronouncement thereon by the International Court of Justice,

Requests the International Court of Justice to give an advisory opinion on the following question:

Is the present legislation and practice of the Government of Egypt with respect to freedom of transit through the Suez Canal consistent with international obligations of the Government of Egypt, taking into account (a) the decisions and recommendation of the United Nations organs on the Palestine and Suez Canal transit questions, (b) the Suez Canal Convention of 1888, and (c) other relevant international agreements and rules of international law."

We now informed Israel intends send additional Israel flag ships to Suez Canal as test cases. If Egypt accepts proposal suggested above, we could urge Israel refrain from further moves until ICJ opinion rendered on grounds new Egyptian policy noted by Security Council largely removes economic burden restrictions on Israel.

DULLES

No. 914

674.84A/11-554 Telegram

The Secretary of State to the Embassy in Egypt [1]

CONFIDENTIAL WASHINGTON, November 5, 1954—5:37 p. m.

705. Tel Aviv's 398. [2] Caffery requested make following representations to Fawzi:

US seriously concerned series incidents Gaza area for which Egypt censured by MAC several recent occasions. Israel has claimed to US pattern of incidents implicates GOE and that she amassing "evidence" from apprehended infiltrators. While US does not accept Israel thesis re GOE involvement US does believe GOE responsible for bringing to end incidents instigated by persons from area under Egyptian control. Failure do so invites retaliation by Israel and chain reaction which US sure Egypt wishes avoid. Although removal Palestine Battalion from front lines (Cairo's 165) [3] and Gaza curfew (Cairo's 371) [3] constructive measures they apparently insufficient control situation, US thinks RCC will wish review carefully regulations now in effect and adopt whatever further measures necessary to establish security. RCC may wish to investigate particularly whether anti-regime groups attempting cause government difficulties by operations Gaza area. US suggests again working out through UNTSO cooperative control arrangements between local police or army commanders both sides (Deptel 240 to Cairo). [4]

Tel Aviv requested advise GOI above *démarche* omitting mention curfew or movement Palestine Battalion. Should add that as frequently stressed in past US unalterably opposed to policy of reprisals for which Israel censured by SC and would like assurances GOI not planning adopt such tactics Gaza strip. Abstention from reprisals on Jordan border has produced improved results. As constructive measure US again suggests working out through UNTSO cooperative control arrangements between local police or army officers both sides.

Jerusalem requested inform Burns both approaches expresssing US hope local control arrangements may be worked out. US would welcome his assessment possibility Israel retaliation Gaza.

DULLES

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[1] Sent also to Tel Aviv and Jerusalem; repeated to London and New York by pouch.

[2] Document 912.

[3] Not printed.

[4] Document 860.

No. 915

Secretary's Memoranda of Conversation, lot 64 D 199

Memorandum of Conversation, by the Assistant Secretary of State for European Affairs (Merchant)

SECRET WASHINGTON, November 5, 1954.

Subject: Middle East

Participants: The Secretary
The British Ambassador
Sir Robert Scott
Livingston T. Merchant

In connection with a call on the Secretary on another matter, the British Ambassador said that Sir Anthony Eden was anxious that the Secretary should know of his growing concern over the situation in the Middle East. Sir Anthony is searching for some plan for reconciliation and in this connection has reverted to an earlier thought he had mentioned to the Secretary which would be to attempt for the improvement of Arab-Israeli relations an exercise along the lines which worked successfully in the case of Trieste.

Sir Roger said that Shuckburgh, an Assistant Under Secretary for Middle Eastern Affairs, is now touring the area in search of ideas and Sir Anthony hoped that when Shuckburgh returned to London, the Secretary would send someone over from Washington to talk the situation over. (At this point the Ambassador gave the Secretary the attached *aide-mémoire* [1] elaborating on this idea.)

The Secretary said that he welcomed these views of Sir Anthony, and that he too was most anxious to tackle this problem of the Middle East which deeply concerned him. With the Egyptian matter now settled [2] it seemed we were in a position to move. Exactly by what measure he was not sure; possibly something might be done by water development in the area. He thought that it might take one or two years to arrive at a comprehensive solution and that it might be desirable to find someone on our side who would devote his entire time to this particular problem. In any event, he generally shared Sir Anthony's view that we should move without further loss of time. In conclusion the Secretary said that we would consider further the general approach suggested by Sir Anthony. (At this point the Ambassador gave the Secretary the attached copy of Sir Anthony's speech on the Middle East in the House of Commons on Nov. 2.[3]

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[1] Not attached to the source text. For text, see *infra*.

[2] The reference is to the Anglo-Egyptian Agreement Regarding the Suez Canal Base, which was signed at Cairo on October 19, 1954. For text, see 210 UNTS 3.

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[3] Not attached to the source text. For text of Eden's remarks, see *Parliamentary Debates*, House of Commons, 5th series, vol. 532, cols. 324–335.

No. 916

NEA files, lot 55 D 518, "Alpha—Memos, etc., beginning after 2nd London Talks—April 26–June 30, '55"

Aide-Mémoire From the British Embassy to the Department of State

SECRET WASHINGTON, November 5, 1954.

ISRAEL AND THE ARAB STATES

Although there has recently been some improvement in the local situation on the borders of Israel and our Agreement with Egypt should have a further stabilising effect, the basic problem of Arab-Israeli relations remains unsolved and without prospect of solution. The Egyptians may not actually be thirsting for another round, and indeed they have assured us that they have no intention of resorting further to force. But they still consider themselves to be at war with Israel. Israeli traffic through the Canal is interfered with and the development of trade is impeded. The refugee situation, in spite of efforts by the United Nations Relief and Works Agency, is getting worse instead of better. There may be no immediate danger of a fresh outbreak of hostilities but if nothing is done to improve matters during the next few months, the danger may well recur. Meanwhile, a sense of insecurity prevails over the whole area and healthy economic development is held up.

It seems to Sir Anthony Eden that the situation offers a challenge to American and British statesmanship and diplomatic skill. The United Nations Truce Supervision Organisation helps to prevent incidents but is not equipped to tackle Arab-Israel differences at their source. He is convinced that unless we jointly develop and apply a positive policy designed to ease these tensions and bring about a lasting settlement, the situation can only be expected to drift from bad to worse. The analogy of Trieste has been much in his mind. In the case of Trieste we set ourselves the objective of reconciling a complicated dispute between two countries with each of whom we had some influence. We appointed a joint Anglo-American team to pursue this objective and after months of patient and discreet work they were successful in bringing the two countries together to the satisfaction of both. The question is whether the same technique could not be applied to relations between Israel and the Arab States.

Sir Anthony Eden realises that the problem may seem even more difficult than was the Trieste problem. A number of countries are concerned and the vital interests of some of them are at stake. But it will be remembered how intractable the Trieste problem used to be considered. Sir Anthony Eden does not propose to suggest now what might be the main elements of a solution of the Arab-Israel dispute. Indeed, it seems to him that the first task ought to be precisely that of working out these elements together. When we have reached agreement on that we could go on to consider the methods to be used.

Mr. Shuckburgh, who is in charge of Middle Eastern Affairs in the Foreign Office, is at present visiting the area, and it is hoped that when he returns to London on December 14, he may have some valuable suggestions to make. Would the Secretary of State consider sending one of his experts from the State Department to London to join forces with Mr. Shuckburgh as soon as he returns and to work out with him the main ingredients of a solution of all these problems for consideration by our two Governments? We could then determine how to proceed with the Arabs and the Israelis with a view to their accepting our solution; it might be necessary at this second stage to retain some form of joint machinery, as in the case of Trieste, to control the whole operation. This could be either in Washington or in London.

We would, of course, have to keep the French generally informed of our plans. But Sir Anthony Eden would hope that we might be able to avoid having them closely associated with us in their detailed discussion and execution.

No. 917

IO files, lot 71 D 440

Department of State Position Paper [1]

CONFIDENTIAL [WASHINGTON,] November 10, 1954.
SD/A/C.1/447/Rev. 1

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[1] For instruction of the U.S. Delegation to the Ninth Regular Session of the General Assembly. An earlier version of this paper, SD/A/C.1/447, was dated Sept. 11. (IO files, lot 71 D 440)

UNITED NATIONS RELIEF AND WORKS AGENCY FOR PALESTINE (UNRWA): REPORTS OF THE DIRECTOR AND ADVISORY COMMISSION

THE PROBLEM

The Report of the Director[2] and the special joint report of the Director and the Advisory Commission[3] of UNRWA will be before the *Ad Hoc* Political Committee for debate and will involve the following questions:

1. The extension of the life of UNRWA.
2. Other substantive issues raised in the report and contained in the report's recommendations for a General Assembly resolution including the budget for continued relief and for the reintegration program.
3. The injection into the committee's debate of certain other political issues involved in the Palestine question.

UNITED STATES POSITION

1. The United States will support the continuation of UNRWA for a period of five years as necessary for the welfare of the Arab refugees. This position is consistent with United States objectives in the area, and with the objectives of the Mutual Security Act of 1954 and the explicit positions of the Senate Foreign Relations Committee and the House Foreign Affairs Committee (See "comment" for citations).

2. With regard to the substantive issues raised in the report, the United States will hold:

a. On *compensation* or *repatriation*, the failure to resolve these problems must not be an obstacle to UNRWA's efforts to rehabilitate refugees as promptly as possible.
b. Any *redefinition of a refugee eligible for relief* will be contingent on the establishment of an effective system for determining the *bona fides* of relief recipients and the deletion from the registration rolls of persons not entitled to relief.
c. No specific *authorization* to the Director *to employ* a portion of *rehabilitation funds for general economic development programs* of the area governments is desirable or necessary. Rehabilitation funds are to ensure to the extent practicable the settlement of the refugee question and UNRWA already has adequate terms of reference under previous General Assembly resolutions so that funds can be spent in the manner and for purposes designed to achieve the Agency's objective.
d. The *budgets for relief and for rehabilitation* are approved.

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[2] The report of the director of UNRWA to the Ninth Session of the General Assembly covered the period from July 1, 1953 to June 30, 1954. (U.N. doc. A/2717)
[3] U.N. doc. A/2717/Add.1.

3. It opposes the injection of any political issues, not raised by the reports but involved in the Palestine question, into the draft resolution of UNRWA. Specifically these issues might relate to duties and functions of the Palestine Conciliation Commission (PCC); the enforcement of previous United Nations resolutions; territorial and boundary adjustments; and the status of Jerusalem. Specific instructions from the Department should be sought by the Delegation should any such issues become the subject of a draft resolution.

4. It will inititate, if necessary, and seek limited co-sponsorship of well-disposed nations for the draft resolution attached.

COMMENT

1. Background

A. There are two aspects of the Arab refugee problem: relief and eventual resettlement. Both the immediate problem of relief and the long-range preparations for the resettlement of the refugees require the continued earnest interest of the United States and the continuance in existence of the UNRWA, the agency presently handling these problems. The question of the agency's continued existence will come before the General Assembly this year. Because the refugee problem has not been solved and no better means of settling it is likely to be found than such an organization as UNRWA, the United States should support the continuation of the agency and its activities. This position is consistent with that set forth in the report of the Senate Foreign Relations Committee, No. 1799, dated July 13, 1954, on the Mutual Security Act of 1954.

> "Economic and political factors have been the major blocks to a vigorous reintegration program. The economic factors revolve mostly around the poverty and aridity of the area and could be solved in part by the regional development of water resources proposed under the TVA plan. Thus far, political factors have prevented the acceptance of this plan by the nations concerned. The committee cannot express too strongly its deep concern over the political tensions in the Near East, and its conviction that the problem is one for the United Nations. The United States should continue to cooperate with the U.N. in seeking a solution even though some years may be required to find it." (Page 40)

Excerpt from Report of the Committee on Foreign Affairs on the Mutual Security Act of 1954 (Report No. 1925, Part I).

> "The countries involved are dry and barren and the lack of full cooperation on the part of some of the governments involved, as well as the refugees themselves, has been a contributing factor in the slow progress in this field.
>
> "Nevertheless, the United States regards the tension in the Near East as of serious concern. It is important to indicate by authoriz-

ing funds even before appropriations are to be requested that the United States desires to cooperate in finding a solution to the problem.

"An authorization is made of $30 million for Fiscal Year 1955, but appropriation for this amount is not being sought in this session of Congress. The unobligated Fiscal Year 1954 funds, presently estimated at $29 million is authorized to be reappropriated." (Page 72)

B. The report which will be before the *Ad Hoc* Committee is not an "agreed" report although drafted by the members of the Advisory Commission and approved by them *ad referendum* it has been signed by the United States with reservations and has not been signed by Jordan or Syria. The reservations of the United States was contained in a memorandum which was circulated to the members of the Advisory Commission (see attachment). This statement in the memorandum should be part of the United States Representative's speech in the *Ad Hoc* Committee. Because the report is not agreed to, particularly by two of the Arab members of the Advisory Commission, we may expect that the debate will be far more acrimonious than would have been the case had the report obtained the signatures of all of the members of the Advisory Commission. For a discussion of tactics in debate see Item 2 below.

C. The Advisory Commission's report may be summarized as follows:

1. It indicates dissatisfaction with the small progress which has been made in the settlement of the refugee problem, particularly in the matters of repatriation and compensation. (For your information: It has been long since agreed by Arab Delegations that rehabilitation need not prejudice the other rights of refugees.) It suggests coordination between the Advisory Commission and PCC.
2. It suggests that UNRWA's mandate be continued for another five years. It discusses the fact that while progress has been made on surveys for major projects in connection with the resettlement of refugees the existing economic and political circumstances and the prospects for new projects do not promise an early resettlement of the refugees. It accordingly suggests that while it is important to find new projects the Director should be authorized and given discretion over a portion of the rehabilitation fund for the purpose to permit the Agency to participate in general development programs of the Governments of the area. It goes on to point out that such general development programs will require substantial capital funds in addition to those which could be made available through the Agency. (For your information: Such funds have been available in past years and will be sought again by the Executuve Branch of the government.) It also stresses the importance of the education and vocational training programs as part of the rehabilitation of the Agency.
3. With regard to the relief program it suggests that the definition of a refugee should be revised to include certain refugees not

now eligible by the definition. It also points out that a substantial number of children of refugees do not receive rations at the present time and suggests procedures whereby these problems might be handled.

4. While believing that present standards of relief are adequate it suggests that there is a distinct need for supplementing present contributions of clothing with a distribution of cotton cloth particularly for use in making children's garments.

5. It indicates that it believes to be necessary budgetary requirements for the forthcoming year.

D. The Palestine question has many facets of which the refugee problem is only one. Other aspects of the problem include the question of a peace settlement between Israel and the Arab States, the settlement of the question of status of Jerusalem, and the improvement of the general economic and security situation in the area. The unhappy tendency in General Assembly debate on any phase of this problem is for a number of delegations, particularly the Arabs, to make reference to aspects of the problem other than the one technically the subject of discussion. Thus it may be expected that in the forthcoming debate the question of Israel repatriating the Arab refugees, Israel's paying compensation to the refugees, Israel's agreeing to accept the 1947 partitioning resolution as the basis for a political settlement, all will be raised by the Arabs. The Israelis in retort will make proposals for direct negotiations with the Arabs which are quite unacceptable to them. The fact that our new Ambassador to Israel presented his credentials to the Israeli President in Jerusalem will be attacked not only by the Arabs but possibly by a number of the Latin American countries in prejudicing the United Nations position on the internationalization of Jerusalem. With regard to the security situation in the area comments may be forthcoming and our arms aid programs for several of the Arab States may be subject to Israeli attack. The earnest efforts of the United States Delegation should be directed to avoiding acrimonious discussion of these questions which are peripheral to the debate on the Advisory Commission's report. It is our present understanding that the Director of UNRWA, Mr. Harry Labouisse, in his opening statement will urge that the debate be limited to discussion of the report. The United States Delegation should support this position.

E. With regard to the various problems referred to above as likely to arise in debate it is of utmost importance that the United States Delegation bear in mind the importance of avoiding anything in debate or in a resolution arising out of the debate which might prejudice the further negotiations which Ambassador Johnston will be undertaking with the Arab States and Israel commencing in January 1955. It is the Department's view that an international agreement for the mutual development of the Jordan Valley may well be realized as a result of Ambassador Johnston's projected negotiations. Such an agreement on this project would be the most significant step which the states in the area could take toward an eventual settlement of all of the problems involved in the Palestine question. While supporting this and other similar programs the United States Delegation should avoid anything which might prejudice the achievement of such an agreement. However, this does not mean that the Arab Delegations and Israel cannot be dealt with frankly and firmly in any discussions which the United States Delegation may have with them.

2. Tactics

The debate on the Palestine refugee question inevitably is time consuming. This is due to the facts that: (a) there are two consistent Arab trouble makers in any debate on this question, Ahmed Shukairi, Assistant Secretary General of the Arab League and acting head of the Syrian Delegation (in violation of Arab League directives), and Dr. Fadil Al Jamali, head of the Iraqi Delegation; (b) all the Arab Delegations and Israel will insist on long speeches on the subject; (c) there is a general lack of understanding of the problem on the part of many [of] the delegations, but a willingness to appear as mediators in debate, particularly as its temper rises. Dr. Jamali and Mr. Shukairi are old hands at debate on this question and they may be expected to produce several long speeches each on the subject. These speeches will probably be counterproductive to their cause and if allowed to proceed unimpeded will tend to induce a healthy attitude of moderation on the part of other Arab Delegations and an irritated and aloof attitude on the part of other delegations which might normally wish to participate in debate. Accordingly, the United States Delegation should not interfere with Dr. Jamali and Mr. Shukairi's free reign in debate. The United States Delegation should be prepared, after an appropriate time following the speeches of the Arab States and Israel, to deliver a moderate conciliatory but frank discussion of the problem. It should be prepared to initiate, if necessary, the attached draft resolution with appropriate co-sponsors. It should seek to discourage resolutions or amendments to the attached draft resolution which tend to discuss subjects not the subject of debate. It should seek instructions if it becomes necessary to vote on any such resolutions or amendments.

[Attachment]

DRAFT RESOLUTION

The General Assembly,

Recalling its resolutions 194 (III) of 11 December 1948; 302 (IV) of 8 December 1949; 393 (V) of 2 December 1950; 513 (VI) of 26 January 1952; 614 (VII) of 6 November 1952; and 720 (VIII) of 27 November 1953;

Noting the Special Report of the Director and the Advisory Commission of the United Nations Relief and Works Agency for Palestine Refugees in the Near East dated 8 October 1954;

Decides to extend the mandate of the Agency for five years ending 30 June 1960;

Requests the Director, in consultation with the Advisory Commission, to continue negotiations with the governments of the host countries with a view to arranging the gradual transfer to them of the administration of relief during the five year period;

Requests the governments of the area to continue to cooperate with the Director in carrying out presently agreed projects and, further, to cooperate in the search for new projects capable of supporting substantial numbers of refugees, and in reaching agreement thereon;

Decides to maintain the rehabilitation fund of $200,000,000, subject to reductions for expenditures already made;

Approves a relief budget of $25.1 million and a rehabilitation budget of $36.2 million for the fiscal year ending 30 June 1955;

Requests the Negotiating Committee for Extra-Budgetary Funds after consultation with the Director of UNRWA to seek such funds as may be required by the Agency, from time to time. [4]

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[4] On Nov. 23, France, Turkey, the United Kingdom, and the United States submitted a joint draft resolution (U.N. doc. A/AC.76/L.15) based on the recommendations of the joint report of the Director and Advisory Commission of UNRWA. This draft resolution was adopted by the *Ad Hoc* Political Committee on Nov 30 by 41 votes to none, with 8 abstentions; it was adopted by the General Assembly on Dec. 4 as Resolution 818 (IX), the text of which is printed as Document 926.

No. 918

674.84A/11-1054: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

CONFIDENTIAL CAIRO, November 10, 1954—3 p.m.

637. As I reported in mytel 617, [2] I spoke to Minister Foreign Affairs last Saturday about Tel Aviv's 398. [3] I spoke again to him this morning along lines Deptel 705. [4] Fawzi said that in meantime he had spoken to Prime Minister, Minister Interior, etc. They all agree that every effort should be made to prevent incidents in Gaza area. On one hand they do not deny that there are infiltrations from Gaza side. On other hand they forcefully insist that Israelis are exaggerating their number and importance.

They insist also that for some time they have been taking appropriate measures to control infiltrations. They will redouble their efforts in that direction. They definitely do not want trouble with Israel.

In this connection GOE has always indicated willingness enter into cooperative control arrangements between local police commanders. However, when General Burns recently attempted to call meeting for this purpose, Israelis indicated they were not ready to hold such discussions now (see Embdesps 858, November 5 and 886, November 10). [5]

CAFFERY

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[1] Repeated to Tel Aviv, Jerusalem, London, and New York.

[2] See footnote 2, Document 912.

[3] Document 912.

[4] Document 914.

[5] Neither printed.

No. 919

611.74/11-1154: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, November 13, 1954—12:55 p. m.

750. Embtel 641. [2] Suggest you inform Fawzi Department pleased know his desire for closer cooperation and glad consider practical

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[1] Repeated to Tel Aviv; sent by pouch to London and New York.

[2] In telegram 641 from Cairo, Nov. 11, Caffery reported on a conversation that morning with Fawzi, in the course of which the Egyptian Foreign Minister ex-

Continued

steps clearing away underbrush of immediate problems concentrating on:

1. Gaza situation as previously discussed;

2. Freedom of transit Suez Canal. US encouraged by Azmi's statement in Security Council Oct 14 that since Mar 1954 Egypt has refrained from interference shipping through Canal to or from Israel. [3] We wish cooperate GOE find formula enabling it remove remaining restrictions and avoiding continued public dispute. Recommend to GOE consideration of a Security Council resolution requesting advisory opinion on freedom of transit issue from International Court Justice in whose legal decisions world public has full confidence. Egypt itself might wish make proposal in Security Council and reiterate statement re its present policy. Alternatively some member Security Council could introduce resolution. FYI: See Deptel 241 to USUN rptd Cairo 698 Tel Aviv 247 [4] for proposed text resolution, which should not be disclosed to Egyptians this time. End FYI.

Security Council could then note Egyptian statement on non-interference and refer all legal points involved to ICJ. FYI: We plan discuss this point orally with Hussein here after approach Cairo. End FYI.

3. Jerusalem. Urge again Egypt seek moderation in Arab attitude and emphasize US position in support of UN's primary role in determining future status remains unchanged.

Dulles

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pressed an interest in practical steps that might be taken with regard to Palestine, both at present and in the future, including more cooperation and exchange of good will. (611.74/11-1154)

[3] See U.N. doc. S/PV.682.

[4] Document 913.

No. 920

NEA files, lot 59 D 518, "Alpha—Memos, etc., beginning after 2nd London Talks—April 26–June 30, '55"

Aide-Mémoire From the Department of State to the British Embassy

SECRET WASHINGTON, November 17, 1954.

The Department of State welcomes the suggestion of Sir Anthony Eden that the United States and United Kingdom renew efforts to develop policies designed to ease Arab-Israel tensions and bring about a lasting settlement. The entire problem, which is giving the Department of State constant concern despite some general improvement of conditions in the area, is under active study here and the Department of State looks forward to a comprehensive discussion with the Foreign Office. The Department of State would prefer to hold the talks immediately after the New Year,[1] which would facilitate completion of its review, and it would be agreeable to sending officers to London for the purpose. The mechanism which should be used to carry out the project could be determined during the consultations in London.

The Department of State does not believe it necessary to advise other countries of the plans at this stage. Eventually, it may prove useful to keep both the French and Turks generally informed, and perhaps to solicit their assistance in connection with certain aspects of the undertaking.

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[1] At this point in the source text, an unknown hand inserted brackets around the phrase "immediately after the New Year," and substituted the phrase: "about the middle of January, 1955".

No. 921

684A.86/11-2254

Memorandum by the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Byroade) to the Secretary of State

SECRET WASHINGTON, November 22, 1954.

Subject: The Arab-Israel Problem—Situation Report.

We are giving top priority to the preparation of a suggested across-the-board approach for a settlement of the Palestine question. We are aiming at talks with the British with a view to arriving at an agreed plan of action early in the new year. A firm joint position will not emerge until after the holidays.

As to the current situation in the area, I think we can safely say that things are not as bad as they look. In fact, there is a glimmer of hope here and there in the total picture.

There seems to be a little more calmness of attitude on the part of the Israelis. For one thing, it appears that the Israel Government is embarrassed and abashed at the proportions and nature of the pre-election campaign against our policies. There has been limited public recognition in Israel of the fact that Israel's relations with the U.S. cannot always be determined by efforts made on the American domestic political scene. It is becoming clear that Israel now realizes the necessity of accepting a division of the waters of the Jordan along the lines of the Unified Plan. There has been no large-scale Israel raid into Arab territory since September 3 and the Israel-Jordan frontier has been relatively quiet for over two months.

On the Arab side there is likewise evidence of some improvement. Egypt is cooperating in the project for refugee settlement in Sinai and the Arab states in general continue their support for an equitable division of the waters of the Jordan. The Egyptian Foreign Minister has indicated a desire to re-examine with us some of the basic problems of the area, including Arab-Israel relations. While King Hussein of Jordan reiterated the regular Arab line of "no peace, no negotiations with the Jews" in his speech from the Throne on November 1, he let it be known to the British Ambassador in Amman that he had objected to this but had been "overruled". The King intimated that he might personally have to take in hand the matter of a settlement of this long-outstanding issue. The Jordan Prime Minister has indicated indirectly his feeling that an overall settlement might be worked out, particularly if Egypt were to take the lead. It must be remembered that these Jordan statements were forthcoming in the atmosphere of two months' peace on the border.

There have been dark spots in the picture as well—incidents in Gaza; continued official Israel statements criticizing U.S. policy; talk of a "second round" by the new Syrian Prime Minister, etc. On balance, however, and with full recognition of the urgency of the problem, I think we are in a position where we can give the matter the detailed consideration it requires.

No. 922

684A.86/11-2254: Circular airgram

The Secretary of State to Certain Diplomatic and Consular Offices [1]

TOP SECRET WASHINGTON, November 22, 1954.

CA-3378. Subject: Arab-Israel Settlement.

The purpose of this instruction is to solicit the assistance of the addressees in working out the elements of a final settlement of the Arab-Israel problem and in determining the most effective tactics to this end, including timing. To serve as a starting point, certain preliminary views developed in NEA are set forth.

It should be made clear at the start that we are under no illusions as to the complexities of the problem the emotions present and the basic conflicts of interest. NIE 36–54 on "Probable Developments in the Arab States" of September 7, 1954 [2] states "Arab leaders are likely to be extremely cautious about offending public feeling on the Israeli question and will probably not be willing for some time to risk negotiation and compromise on the most important issues. . . [3] They will refuse to meet with Israel for the purpose of negotiating outstanding issues unless Israel meets conditions—acceptance of existing UN resolutions as a basis for negotiation—which the Arabs are reasonably sure Israel will never agree to. In dealing with specific problems in Arab-Israeli relations short of a formal peace settlement some Arab leaders have recently appeared less intransigent. . . The Israelis have not, however, shown a like tendency to reasonableness and compromise." However, an ideal time to seek a comprehensive settlement will probably never arrive and the present appears to us as propitious a moment as is likely to occur in the foreseeable future. Also, the attempt at least will stimulate thinking in terms of a settlement, and show how far we may expect to go in the short term. In addition, the elements of a settlement developed may serve as a goal towards which to work.

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[1] Sent to Amman, Baghdad, Beirut, Cairo, Damascus, Jidda, Tel Aviv, and Jerusalem; repeated to London and Ankara.

The general objective sought may be described as: To bring about a transition from the present armistice regime governing relations between the Arab states and Israel to formal peace and concurrent agreements on settlements of issues remaining from the Palestine conflict to the maximum extent feasible in a span of two years; the effort to be carried out in a manner not unduly jeopardizing other US area objectives (notably area defense arrangements) and without the employment of unusual measures (i.e., economic sanctions or armed force).

The basic obstacles to be overcome in attaining this objective appear to be:

1. The unwillingness of Israel to accept a status as a finite Middle Eastern state; and the insistence of Israel on a special role as the center of a world-wide "nation" of Jewry. Prime Minister Sharett's speech before the Knesset on November 15, carried in the FBIS of November 16, is of particular interest in this regard.
2. The unwillingness of the Arab states to accept the permanent existence of an Israel, which they fear is intent on expansion.

The specific objectives which we might strive for at an optimum are:

1. Formal peace between Israel on the one hand and Egypt, Jordan and Lebanon on the other. (Settlements involving Syria, Saudi Arabia, Yemen and perhaps Iraq may prove even more difficult to obtain during the two year period.)

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[2] Not printed.

[3] The ellipses in the quotation appear in the source text.

2. Permanent recognized boundaries for Israel after frontier rectifications.
3. Security on the border and cooperation in control of infiltration.
4. Termination of the Suez Canal blockade and of the Arab secondary boycott.
5. Agreements on repatriation and resettlement of refugees, with some implementation.
6. Agreement on compensation.

. . . .

8. A "Free Port" at Haifa for Jordan and free routes across Israel linking Egypt, Jordan and Lebanon.
9. Agreement on the Unified Development of the Jordan Valley.

We recognize that even if successful, we would be faced still with the implementation of many of the agreements reached, particularly those concerned with the refugees.

Concurrently, we would endeavor to progress on area defense arrangements through a series of bilaterals linking certain Arab states (especially Iraq) to Turkey and Pakistan. Success would contribute to an Arab-Israel settlement by instilling in the Arab states a greater sense of security and by deflecting their concentration on Israel. We would hope to expand the defense arrangements to provide for the effective use of Israel's armed forces. Whether it could be done within the two year period under consideration is questionable.

The prospects for the enterprise will be affected, of course, to a considerable degree by the inducements which may be held out by the US and other cooperating powers, especially the UK and Turkey. Among those which the US might extend are:

1. Continuation of our present policy of impartiality, especially continued refusal to be guided by Israel's unrealistic insistence that she be considered a favored bastion of Western civilization in the Middle East and as the center of world-wide nation of "Jewry."
2. Within the limitations of our constitutional processes, a firm public undertaking, to be given as part of a final settlement, that the US will use force if necessary to prevent alterations by force of the boundaries established and to preserve the security of Israel and the Arab states against each other. (It has not been determined yet whether it would be practical for the US to extend such a guarantee or whether it would be advisable from a world-wide policy point of view.)
3. Grant economic assistance to the Arab states and Israel, expanded in some cases, plus continued aid to the refugees.
4. An enlarged program of grant military assistance to certain Arab states and also military assistance to Israel.

Our tentative thinking is that the best tactics would be a combination of our present step-by-step approach with an across-the-board effort directed originally at securing an Egyptian-Israel agreement and then a Jordan-Israel agreement, utilizing the Trieste technique. The aspects of the Trieste technique which appear pertinent to the present problem are: (1) presentation to the parties by third powers of suggestions for a settlement; (2) no direct meetings between the parties; (3) subsequently efforts by the third powers to reconcile the conflicting positions. We recognize that these tactics run counter to the Israel thesis of direct talks.

We believe the first approach should be made to Egypt because: (a) she is less concerned over Israel and more likely to move; (b) her example, as in the case of Bunche's negotiations of the armistice agreements at Rhodes, would help induce the other Arab states to act; (c) the Suez Base Agreement and our aid programs place the US and UK in a particularly favorable position to influence Egypt; (d) simultaneous approaches to several Arab states would considerably increase the danger of publicity and of the Arabs uniting on an extreme stand.

We recall that the Arab League Council on April 1, 1950 voted to forbid any Arab state from negotiating or concluding a separate peace or a political, military or economic accord with Israel, and to expel any state which did so. The resolution was a product both of the war with Israel and of resentment, particularly Egyptian, at Jordan's plans to annex Eastern Palestine. Some further action of the League may be required before an Egyptian-Israel settlement is finally signed, or Egypt may feel able to ignore the resolution as was done by Jordan in May 1950 when the Political Committee of the League declared that Jordan's annexation of Arab Palestine was a violation of the resolution.

An illustrative time-table covering the first phase of our effort would read:

1. Development with the UK of the elements of a solution and agreement on strategy—January 1955.
2. Discussions with Turkey, concentrating on the part we hope it will play in the concurrent approach to Middle East defense arrangements—January 1955.
3. Frank and full discussions with Prime Minister Nasir of Egypt—late February or March 1955.
4. Depending on Nasir's receptivity, discussions with Israel—March or April 1955.
5. Approach to Jordan by the UK with the US in support role and with Egyptian support and advice if (as we hope) Egyptians show active interest in bringing about a settlement.

After the initial approaches to Egypt and Israel and once the process of reconciling the two positions is under way, the utmost flexibility would be maintained on the timing of approaches to the other Arab states. Although Egyptian views would be considered, they alone would not be allowed to control the timing of further moves.

As the addressees have been informed, we plan to determine with the UK in January the elements of a solution and tactics. Subsequently, we expect to work in the closest cooperation with the British. The problem of France gives us considerable concern since we feel her association with the venture would decrease its receptivity in the Arab states and yet, should she be excluded, France could exert considerable negative influence. It will probably prove advisable to keep her generally informed but we hope to avoid doing so at least until after the first approach to Egypt. We believe Turkey could play a particularly useful role in connection with the defense arrangements part of the over-all plan. As indicated in Deptel 548 to Ankara, we think it preferable for Turkey at present not to concern itself directly with the Arab-Israel problem. It will probably prove useful for Turkey to participate in any international commitment guaranteeing the final Arab–Israel boundaries. We would expect to keep the Turks informed of our thinking and of progress. Pakistan could possibly play a helpful part in connection with area defense arrangements.

The above line of thinking in NEA is highly tentative and should not be construed as a Departmental position. The views of the addressees on the entire problem are desired by despatch. It would be particularly helpful if, in addition to general thoughts, the reports covered the following:

1. The elements of a final settlement between the country of assignment and Israel, irrespective of assessments of the possibility of moving at this time. A detailed statement is desired referring where appropriate to the specific objectives set forth above.
2. The pros and cons of attempting an across-the-board settlement supplementing the present step-by-step approach.
3. General views on tactics including particularly the appropriateness of the Trieste technique.

    a. Would approaches to individual Arab countries singly be preferable to simultaneous approaches to two or more of the Arab countries?
    b. Under optimum conditions what timing would appear reasonable?
    c. What would be the reaction if the initial approach is made through Egypt?
    d. If Egypt did move towards a settlement, what would be the effect on the other Arab states of the Egyptian example and of Egyptian leadership?

4. What inducements from the US, UK or other outside countries would be most effective in the country of assignment? If economic or military aid is recommended, general estimates of the magnitude and duration would be helpful.

5. The usefulness of endeavoring to move forward simultaneously on area defense arrangements.

a. How could efforts in this field most effectively assist in progress towards an Arab-Israel settlement.

DULLES

No. 923

984A.53/11-3054: Telegram

The Ambassador in Israel (Lawson) to the Department of State [1]

CONFIDENTIAL TEL AVIV, November 30, 1954—8 p. m.

470. Prime Minister called British, French and myself independently to Jerusalem today to request three governments support of IG position in *Bat Galim* case before SC. He emphasized strongly very great importance SC decision to IG. After reviewing conditions of case, and particularly decision and final report of MAC to SC the Prime Minister described the proposed IG procedure as follows:

IG will endeavor to have SC pass resolution strongly and clearly defining rights of freedom of Suez passage for ships all flags and basing resolution specifically on *Bat Galim* case. This to be new resolution and not merely refer to September 1, 1951 resolution which Egypt has completely ignored in past. He felt that resolution reiterating terms of ignored 1951 resolution would be completely ineffective as Egyptians would grant it little respect in view of past experience. He is convinced that only clear, precise and strong resolution based on *Bat Galim* case and on principles clearly involved will settle basic issue and permit Israeli flagships pass unhindered through Suez in conduct Israeli foreign trade—an international right which should not be denied Israel alone among all nations.

He claimed that decision on this important principle clearly a responsibility of SC and was so recognized by its resolution September 1, 1951.

He said US Government had specific responsibilities as (a) permanent member SC, (b) as supporter September 1951 resolution, and (c) because of special relations with Egypt, especially economic aid commitments which made despite Egyptian attitude toward SC 1951 resolution. (I interrupted to point to fact this was commitment long before *Bat Galim* case. But he thought that due to fact we were so committed we had greater responsibilities with regard to Egypt's reaction to SC resolutions and actions involving Suez.) In connection effectiveness US action he pointed to recent sharp effect French *démarche* to Egypt over radio broadcasts condemning French action in North Africa, in which US support French position. (Of the latter I had no knowledge but made no comment.)

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[1] Sent in two sections; repeated to Cairo, London, and Paris.

In describing seriousness of matter he pointed to greatly weakened position MAC would occupy due to failure of SC to back up recent MAC descisions on *Bat Galim* case; that SC itself would lose great prestige in eyes of world should it fail to face up to manifest responsibilities; Israel public would lose confidence in both MAC and SC; and that there would be widespread disappointment in US in that "it had deserted Israel". However, he was emphatic and expeditious in his statement that these opinions did not mean there was any "threat" on his part or that there would be any diminution in the IG's loyalty to the UN or to armistice commissions, with which it would continue to work "provided Egypt did not go completely mad".

However, he thought he should tell me that if the Security Council failed to meet its responsibility in the case and if, under instructions from my government I should at some future date complain to him about the failure of the IG to abide by Security Council resolutions or MAC decisions, I should not be surprised if he recalled this discussion to me. Apparently alluding to the logic and consistency of US action in supporting the IG position, he mentioned what he termed "the very strong position your government took with regard to Banat Yaacov" and the attitude the U.S. took at that time regarding strict adherence to Security Council resolutions by Israel.

He said that the IG based its case largely on terms of the September 1, 1951 Security Council resolution, and he read the complete text to me. He emphasized articles 5 to 8 inclusive. He said Egypt was citing in its defense Article 10 of Constantinople convention of 1888 which permitted Egypt to interfere with Suez shipping when essential to safety of shipping and the Canal. But the IG would cite other passages in this convention which definitely prohibited the seizure of ships or refusal of passage.

I inquired as to what he considered the likely decision of the Security Council. He said he was hopeful but had no tangible basis for opinion other than generally encouraging discussions with the U.S., British, and French delegates at UN of principles involved. He did not mention the probability of the Security Council referring the matter to ICJ but I feel he would consider that an unsatisfactory and unnecessary delaying procedure.

He said he had presented the IG case to Soviet Ambassador much as he had to the British Ambassador and me. He had done so because the Soviets are permanent members of the Security Council. He said, in confidence, he had talked as strongly and emphatically as he could in an effort to prevent a repetition of the Soviet veto to the New Zealand resolution on Suez transit early this year. He pointed out to the Ambassador the similarity in Soviet interest in principle involved in Suez and through Dardanelles. He received no impression or indication of Soviet reaction to his present request.

He expressed the very great hope that the U.S. would support the IG. I replied that I would report to my government this conversation, the several points he had emphasized and the very great importance he attached to the matter and to the benefits of effective support on our part. [2]

LAWSON

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[2] Telegram 730 from Cairo, Dec. 3, reported that in recent conversations with an Embassy officer, several Egyptian Foreign Office officials had taken the line that the present case in the Security Council, which concerned the passage of Israeli flagships through the Canal, was entirely different from the 1951 Security Council case which only related to the passage of goods.

"Foreign Office officials have also stated categorically that, all other considerations aside, it is politically impossible for GOE to allow an Israeli flagship to transit Canal at this juncture. To do so would be catastrophic they say for RCC not only internally, but also in respect relations other Arab states whose Foreign Ministers presently gathered here in AL session are already aroused over Jerusalem credentials matter." (984A.53/12-354)

No. 924

784A.53/11-2954: Telegram

The Secretary of State to the Embassy in Egypt [1]

CONFIDENTIAL WASHINGTON, December 1, 1954—11:15 a. m.

841. FYI Israel Amb informed Byroade that although Chairman EIMAC has appealed for immediate release *Bat Galim* and crew, IG has no indication so far Egypt has moved comply. Israel believes parties should respect implications MAC decisions as Israel respected UNTSO orders in past (Huleh Marshes and Banat Yaqub). Requested US assistance inside or outside UN on release *Bat Galim* and upholding SC resolution Sept 1, 1951. Byroade replied while

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[1] Sent also to New York; repeated to Tel Aviv and London.

Dept has no definite indication GOE intention, expects Egypt would now probably release crew and vessel and make some provision compensation perishable cargo already sold. Believed Dept could be helpful this repect. Doubted Egypt prepared permit *Bat Galim* or other Israel flag ship transit Canal.

Asked how Amb envisaged further action in SC, Eban replied he imagined Council would note such action by Egypt with gratification and voice hope this prelude to general compliance by Egypt with SC resolution 1951.

Byroade stated no question US position on freedom transit principle and Dept would endeavor encourage Egyptian compliance, preferably outside UN. However, since case now in UN would "try say right things" in Council discussion. End FYI.

For Cairo: Embassy Cairo requested inform Foreign Office Dept believes Egyptian action releasing crew and cargo and compensating for perishable goods already sold will be beneficial to Egypt, particularly for effect action would have international opinion. If such action to have greatest impact, should be taken at once, before SC resumes consideration issue.

Concerning release of ship itself, in view Egyptian decision not pursue suggestion to refer question to ICJ, Dept sees no way in which Egypt can prevent ship from transiting Canal without being in violation SC resolution Sept 1, 1951 (Embtel 714 Nov 29).[2] Believes Israel intends press issue eventually with additional test cases. Continue impasse will cause embarrassment United States and Egypt. Dept therefore hopes Egyptian decision re *Bat Galim* indicative intention relax restrictions generally on Israel shipping.[3]

For USUN: If IsraelDel shows signs pressing for early SC meeting, suggest USUN seek delay matters in line Eban–Byroade conversation.

DULLES

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[2] Not printed.

[3] Ambassador Caffery reported that the substance of the pertinent paragraphs of the Department's telegram 841 were conveyed to the Egyptian Foreign Minister on Dec. 2. Fawzi stated that the matter of the crew and cargo would be disposed of on Dec. 6, and reiterated that the Egyptian Government could not agree to referral to the International Court of Justice. (Telegram 731 from Cairo, Dec. 3, noon; 984A.53/12–354)

No. 925

674.84A/12-254: Telegram

The Secretary of State to the United States Mission at the United Nations [1]

CONFIDENTIAL WASHINGTON, December 2, 1954—7:19 p. m.

301. Re Palestine in SC: *Bat Galim.* We favor use of consensus SC as best means handling *Bat Galim* case since we of opinion any resolution condemning Egyptian action or reaffirming September 1, 1951 resolution will be vetoed by Soviets. Consensus action will be entirely reasonable if, as we hope, Egyptians prepared release crew and ship and agree pay for cargo either prior to or during Council debate. If we can receive such undertaking from Egyptians we can actively oppose tabling of resolution. However if Egyptians will not release ship and crew and Israelis insist on resolution we must be prepared not only support but co-sponsor if necessary reasonable resolution: commending Chief of Staff of TSO for objective report to SC; reaffirming view that Egypt must comply with 1951 resolution; reaffirming Council support for actions and decision of MAC, UN observers, and Chief of Staff; and calling upon Egypt release crew and ship. If consensus is used our statement should be along lines above unless Egyptians have already indicated release of crew and ship, in which case our statement should follow lines above except it should endorse action of Egyptians as indication their intention not to remain in defiance of SC.

Embassy Tel Aviv should use above for its information only. Reply to Sharrett should await further instructions. Embassy Cairo may indicate to Foreign Office fact we shall probably have to support resolution generally condemnatory of Egypt unless they act on *Bat Galim* case promptly. [2]

DULLES

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[1] Repeated to Tel Aviv, Cairo, and Jerusalem.

[2] On Dec. 4, the Egyptian Representative at the United Nations informed the President of the Security Council that Egypt had set aside the charges against the crew of the *Bat Galim*. (U.N. doc. S/3326)

No. 926

Resolution 818 (IX), Adopted by the United Nations General Assembly on December 4, 1954 [1]

The General Assembly,

Recalling its resolutions 194 (III) of 11 December 1948, 302 (IV) of 8 December 1949, 393 (V) of 2 December 1950, 513 (VI) of 26 January 1952, 614 (VII) of 6 November 1952 and 720 (VIII) of 27 November 1953,

Noting the annual report of the Director of the United Nations Relief and Works Agency for Palestine Refugees in the Near East, and the special report of the Director and the Advisory Commission of UNRWA,

Noting that repatriation or compensation of the refugees, as provided for in paragraph 11 of resolution 194 (III), has not been effected and that the situation of the refugees continues to be a matter of grave concern,

1. *Decides,* without prejudice to the rights of the refugees to repatriation or compensation, to extend the mandate of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for five years ending 30 June 1960;

2. *Requests* the Agency to continue its consultation with the United Nations Conciliation Commission for Palestine in the best interest of their respective tasks, with particular reference to paragraph 11 of resolution 194 (III);

3. *Requests* the Governments of the area to continue to co-operate with the Director of the Agency in seeking and carrying out projects capable of supporting substantial numbers of refugees;

4. *Decides* to maintain the rehabilitation fund of $200 million, subject to reductions for expenditures already made;

5. *Approves* a relief budget of $25,100,000 and a rehabilitation budget of $36,200,000 for the fiscal year ending 30 June 1955;

6. *Requests* the Director, in consultation with the Advisory Commission of UNRWA, to study and report upon the problem of assistance which should be given to other claimants for relief, particularly children and needy inhabitants of villages along the demarcation lines;

7. *Authorizes* the Director to prepare, in consultation with the Advisory Commission, the budgets for relief and rehabilitation in advance of each fiscal year, which budgets he shall transmit to the

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[1] Adopted by the General Assembly at its 503d plenary meeting on Dec. 4, 1954 by 48 votes to none, with 7 abstentions.

Negotiating Committee for Extra-Budgetary Funds, without prejudice to review each year by the General Assembly;

8. *Requests* the Negotiating Committee for Extra-Budgetary Funds, after receipt of such budgets from the Director of UNRWA, to seek such funds as may be required by the Agency;

9. *Appeals* to the Governments of Member and non-Member States to make voluntary contributions to the extent necessary to carry through to fulfilment the Agency's programmes, and thanks the numerous religious, charitable and humanitarian organizations for their valuable and continuing work in assisting the refugees;

10. *Requests* the Director to continue to submit the reports referred to in paragraph 21 of resolution 302 (IV), as well as the annual budgets.

No. 927

884.411/12-954

Memorandum of Conversation, by the Politico-Economic Adviser in the Bureau of Near Eastern, South Asian, and African Affairs (Gardiner)

SECRET WASHINGTON, December 9, 1954.

Subject: Palestine Refugee Problems

Participants: The Secretary
Mr. Labouisse, Director of UNRWA
Mr. Gardiner, NEA

Mr. Labouisse explained the difficult problems of the UNRWA and emphasized the fact that, because of the high birth rate among the refugees, we should anticipate a continuation of a relief burden at about the current level of $25 million annually for some years to come. He indicated that programs in Sinai and the Jordan Valley would take some years to execute and could hardly serve to provide opportunities for much more than 150,000 of the refugee population. For the remainder, the best prospect lay in Syria and Iraq. It is impossible for a mass movement of refugees to go to these two countries which are unprepared both in their attitudes and in their resources to accept large scale refugee migration.

To break down Arab resistance, Mr. Labouisse suggested that the best approach would be some concessions on the part of Israel by (1) a token repatriation of refugees in certain areas of Israel (particularly in areas of Galilee not marked out for Israel under the Partition) and (2) the payment by the Israelis of substantial compensation which could only be done if Israel received a loan from abroad. This would require U.S. leadership. Mr. Gardiner pointed out that compensation claims did not match refugee needs in any great degree. Some of the largest claims lay with individuals who were already provided for. At the other end of the scale, there were thousands of needy refugees who had established no claims for compensation whatsoever. Mr. Labouisse thought that reactivation of the moribund PCC was called for.

The Secretary inquired as to whether Mr. Labouisse thought many of the Arab leaders were not keeping the problem alive as a political weapon against Israel and against the West. Mr. Labouisse thought this was true but that responsible Arab leaders, looking ahead, would agree privately that a great majority of the refugee population must find its future in Syria or Iraq.

The Secretary asked what would be the effect if relief were to cease. Mr. Labouisse felt that any such action could have only disastrous consequences and make for grave difficulties between the United States and the Arab world.

The Secretary indicated that the Palestine problem was one which he intended to give especially thorough study during the next two or three months, and that the Department would welcome Mr. Labouisse's views at any time.

In conclusion, the Secretary expressed his thanks and appreciation of the efforts made by UNRWA and Mr. Labouisse who had taken on such a thankless task and who deserved all the encouragement that could be given.

No. 928

S/S-NEA files, lot 61 D 417, "Alpha Volume I"

Memorandum by the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Secretary of State

TOP SECRET WASHINGTON, December 9, 1954.

Subject: Study of Arab-Israel Settlement

Attached is a study, for use at the [1] meeting with you on December 10, setting forth our preliminary views on how a final Arab-Israel settlement might be approached. We are preparing staff papers on specific aspects of the problem such as a security undertaking, frontier rectifications, Jerusalem, repatriation and resettlement of refugees, role of the United Nations, the price to the United States, etc.[2]

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[1] At this point in the source text, an unknown hand inserted the following: "4:30".

It is our thought that after the meeting with you a definitive staff study would be drawn up. The study would then be used for the discussions with the United Kingdom in London which we suggest should take place about the middle of January.

The attached memorandum should be considered in conjunction with the Talking Paper[3] for your conversation with Sir Anthony Eden on December 16. This memorandum is, in effect, a summary of our present thinking on an Arab-Israel settlement. The Talking Paper deals more with the tactics you may wish to employ in your conversation with Sir Anthony.

[Attachment]

ARAB-ISRAEL SETTLEMENT

Although concentrated re-examination confirms the complexities of the Arab-Israel problem and the fundamentally divergent interests which must be reconciled, the early months of 1955 appear as propitious a period to attempt a settlement as is likely to occur in the foreseeable future. This determination has been made with due recognition of the statement in the latest NIE estimate that the Arab states "will probably not be willing for some time to risk negotiation and compromise on the most important issues" with Israel. Secrecy is an essential element in such an approach. The leaders of the countries involved must be able to study our proposals carefully and with due deliberation. Premature public disclosure will only result in the public repudiation of any desire to seek a settlement. Furthermore, a breach of security could seriously endanger the now promising chances for the success of the negotiations for the unified development of the Jordan watershed—a major ingredient in any overall settlement.

Our study indicates that the best prospects for moving in a span of about two years from the present armistice agreements to formal peace are afforded by combining our present step-by-step approach with an across-the-board effort directed originally at securing an Egyptian-Israel agreement and then a Jordan-Israel agreement, utilizing the Trieste technique. An illustrative timetable covering the first phase of our effort would read: (1) development with the United Kingdom of the elements of a solution and agreement on strategy—January-February 1955; (2) discussions with Turkey, concentrating on the part we hope it will play in the concurrent approach to Middle East defense arrangements—February, 1955; (3) frank and full discussions with Prime Minister Nasir of Egypt—March–April, 1955; (4) depending on Nasir's receptivity, discussions with Israel—April, 1955. Contingent, to a certain extent, on developments in reconciling the Israel and Egyptian positions, the initial approaches might be made to Jordan and possibly Lebanon while negotiations for an Egypt-Israel settlement were going forward.

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[2] On Dec. 9, Jernegan received a copy of the preliminary draft of a document entitled "Staff Study—Arab-Israel Settlement" from Parker T. Hart, Director of the Office of Near Eastern Affairs. (NEA files, lot 59 D 518, "Washington Talks, Jan.-Feb. 1955: Memos, etc. preceding actual meetings (Dated 11/15/54 thru 1/27/55)"

[3] Not printed.

We believe the first approach should be made to Egypt because: (a) she is less concerned over Israel and more likely to move; (b) her example, as in the case of Bunche's negotiations of the armistice agreements at Rhodes, would help induce the other Arab states to act; (c) the Suez Base Agreement and our aid programs place the United States and United Kingdom in a particularly favorable position to influence Egypt; (d) simultaneous approaches to several Arab states would considerably increase the danger of publicity and of the Arabs uniting on an extreme stand.

Among the specific objectives we could hope to achieve at an optimum are: formal peace between Israel and Egypt, Jordan and Lebanon (Syria, Saudi Arabia, Yemen and perhaps Iraq may prove more intractable); permanent boundaries for Israel after frontier rectifications; termination of the Suez Canal blockade and of efforts by the Arab states to enforce a secondary boycott; agreements on repatriation and resettlement of refugees with some implementation; agreements on compensation to the refugees; greater security along Israel's borders; a Jerusalem settlement; certain transit rights for the Arab states through Israel. If successful, we would still be faced with implementing certain of the agreements reached, particularly those concerned with the refugees.

Concurrently, we would endeavor to progress on area defense arrangements through a series of bilaterals linking certain Arab states to Turkey and Pakistan. Success would contribute to an Arab-Israel settlement by instilling in the Arab states a greater sense of security and by deflecting their concentration on Israel. Israel should eventually be linked to the defense arrangements possibly through a bilateral agreement with Turkey. It would be overly optimistic, however to hope that Israel's integration into the defense arrangements could take place within the two year period under discussion.

Within the limitations of our Constitutional processes, agreement on a government level should be sought beforehand on the following: (1) continuation of the present policy of impartiality; (2) a firm public undertaking to be given as part of a final settlement, and only in such a context, that the United States would take effective concerted action with the United Kingdom, France and Turkey both in and outside the United Nations, in the event of an armed attack by Israel or the Arab states on the other—such an undertaking is practically a *sine qua non* to breaking the psychological log jam which now prevents peace; (3) grant economic assistance to the Arab states and Israel expanded in some cases plus continued aid to the refugees; (4) a program of grant military assistance to certain Arab states and also some military assistance at the appropriate time to Israel.

France should not be associated with the initial undertaking, and should not be informed of the plan at least until after the approach to Egypt.

(NEA hopes that Francis Russell, who is due in the United States next week, may be assigned to work out our thinking on this problem. We hope he could have the aid and guidance of Ray Hare. We think that Russell and/or Hare should probably make the trip to London in January.)

No. 929

684A.86/12-1054: Despatch

The Ambassador in Saudi Arabia (Wadsworth) to the Department of State

TOP SECRET JIDDA, December 10, 1954.
No. 100

Ref: CA-3378, November 22, 1954

Subject: Prospects for Arab-Israeli Settlement

The Embassy's views covering the feasibility of undertaking steps at this time designed to bring about an Arab-Israel settlement are forwarded in accordance with the request made in reference airgram.

Prospects for Arab-Israeli Settlement

General Comments

Before actually tackling the problem of peace between the Arabs and the Israelis, every effort should be made to create a more favorable atmosphere. Any premature effort to seek a peace could conceivably touch off a fatal chain reaction of opposition. By creating an atmosphere of receptivity based on confidence in our general area objectives, we might eventually move the Arabs from their present intransigent position.

With regard to any approach to the problem it might be noted, by way of precedent, that there are still traces of bitterness in the U.S. between fellow American citizens over the civil war which ended nearly one hundred years ago. If the universal prosperity and opportunity in America have not been sufficient to heal the civil war wounds in a century, surely it is expecting too much that the Arabs and Jews will be able truly to bury the hatchet in the underdeveloped Near East in less than a decade. The most that can be hoped for in the foreseeable future is an uneasy *modus vivendi* by whatever name it be called.

Through 1948 the large powers dealt exclusively with the Arab leaders in an effort to reach a peaceful settlement of the Palestine issue. They failed. Today the entire situation has changed; a new force—i.e. the masses—has emerged which must be reckoned with in any attempt to solve either the general problem or that of the refugees.

Not only does bitterness lie deep in the hearts of the one million refugees, who have lost confidence in the U.N., the U.S., the U.K., and in their own Arab leaders, but those leaders themselves, once in a position to impose their will on the masses, also find this no longer possible. Today the U.S. must seek the support of the masses as a prerequisite to Arab-Israeli peace.

Thus rather than embarking on the time table outlined in reference airgram, it appears that the soundest approach would be to pursue a course designed to counteract the suspicions in the minds of the Arabs regarding U.S. aims and intentions, as well as its commitments to its principal allies, Britain and France, in and with respect to the Near East. Continued demonstration of our good intentions—e.g. our determination to treat Israel as just another state in the Near East—will help to create the required favorable atmosphere without which the seeking of specific objectives will be futile.

The degree to which the inducements described in reference airgram will enable us to prepare the population for a final settlement will largely depend on the extent to which we carry out our present policy of impartiality. Various degrees of economic, technical, and military assistance together with border security (Tripartite Declaration of 1950) have already been offered to the Arabs. Although such aid has been accepted in some cases, the familiar chant still rings in our ears that the U.S. cannot "buy the Arab support" with money alone.

It is believed, therefore, that, rather than risk refusal of premature peace overtures—something we can ill afford to do—emphasis at this time should be placed on creating the atmosphere of confidence and receptivity discussed above.

Saudi Arabia

The Sauds of Arabia are possessed of an adamant and long-standing hatred toward Zionism. There is nothing which suggests in the slightest a diminishing of this feeling.

The late King Abdul Aziz had no doubts about the absolute incompatibility of his principles and Zionism. He made this clear in

1938 to H. St. Philby who had posed the hypothetical question: What would the King do if Great Britain created a Jewish state and asked him to recognize it?

"The answer", Philby reports His Majesty as saying, "is obvious and very simple. If the Arabs—and there are many—refused to recognize the Jewish state, I, obviously, would be at their side. If, on the contrary, all of them recognized it, I, even if I were alone, would remain faithful to my opinions. The recognition of a Jewish state would be against my religion and my interests."

The late King's son and successor, Saud, is inbued with the same implacable feeling of opposition, intensified by the bitterness of the developments of recent years. In his speech of March 7 at the inaugural meeting of the Council of Ministers, he reminded his people: "All of us know that a cancer was established in the body of the Arab states . . . [1] That cancer is the Zionist Jews."

Crown Prince Faisal, who shares the King's bitterness and singleness of purpose, asked the Ambassador in a private conversation on December 4: "Why don't you let the Arabs and the Jews settle the Palestine problem themselves?" Asked, in reply, if he was referring to the United Nations, he answered: "Yes, if the United Nations would let us settle it between ourselves."

With regard to the involvement of the U.N. and the Western nations in the Palestine problem, it is apparent that King Saud has little or no confidence that their efforts will satisfy the Arab view of justice.

In the King's speech of November 12 which marked the first anniversary of his accession to the throne, he warned "those who have created this harmful disease (Israel) in the body of the Arab nation" that any remedy should not include "efforts to make peace between Arabs and Zionists . . . (which) cannot be realized."

The King and his government can conceive of peace between Arabs and Jews in Palestine, but are aware that their conception of peace—in substance a reunited Arab Palestine—is not within grasp at the present time.

In his public statement of September 7 to Mr. Alfred Lilienthal, the King described the conditions under which it would be possible to re-establish a state of affairs such as prevailed among Arabs and Jews "before and at the start of the British Mandate in Palestine."

1) "Return all the Palestine refugees to their homes, farms, and shops;

2) "Compensate them for all the things the Zionists caused to be spoiled, lost, ruined, or stolen;

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[1] This and subsequent ellipses in quotations appear in the source text.

3) "Force the Zionists to carry out all United Nations decisions concerning the Palestine case; (*Comment:* It is difficult to reconcile this point with the King's reference to conditions before and during the early days of the Mandate.)

4) "Stop immediately the flow of Zionist immigration to this narrow strip of the Arab land."

Specific Elements of Consideration

Analysis of the political, economic and social conditions of Saudi Arabia fails to disclose any readily available elements or factors which could be exploited with a view to establishing a basis for final settlement between the Arabs and Israelis.

King Saud, who is emerging in the eyes of the masses as the leading defender of Islam, has pledged himself to use every available weapon to get rid of "the cancer in the body of the Arabs". Because of his uncompromising hostility to Zionism and his oft repeated promises in this vein, it is at present writing impossible to envisage his neutrality, let alone support, to attain peace.

In Saudi Arabia there are at best three elements worthy of consideration for exploitation purposes. These springboards are:

1) *As the protector of the Moslem shrines, Saud accepts as axiomatic his special responsibility to undertake whatever is good for Islam.*

In his special capacity as guardian of Mecca and Medina, it is logically conceivable that he might eventually be brought to realize that repatriating and resettling the largely Moslem refugees within favorably-adjusted Palestine frontiers and elsewhere in the Moslem World, and replacing the present unstable truce by an internationally-recognized peace settlement, would be to the overall interest of Islam as well as secure the Haram ash Sharif for the Moslems instead of exposing it to a fate similar to that of the Wailing Wall.

2) *It is to Saud's personal advantage to take every step possible to increase the stability of his monarchy.*

In this connection, we should continuously stress that the U.S. has consistently supported the Saud dynasty over the years. Then, by citing the coups in Egypt, Syria and Lebanon and by calling attention to the recent events in Bahrain and the fact that elements are developing in Saudi Arabia which might eventually jeopardize the security of his throne, we might bring him to realize that he must have our support and backing in order to retain his power. From this point, he should be led to believe that by joining with us in reducing tension in the Holy Land, he would by the same stroke increase his prestige and the stability of his monarchy.

3) *Saud's tolerance regarding Christianity and Judaism (as opposed to Zionism).*

Because Jerusalem is *sui generis,* world wide spiritual forces could be brought to bear to seek, find and implement an international solution of the problem of its future apart from general settlement of the Palestine problem.

During his meeting with Lilienthal, Saud distinguished between Judaism and Zionism and stated, "we . . . fight only Zionists. . . ." Earlier in 1954 Saud met with five Christians and one Moslem, members of the Moral Re-Armament movement, and disclosed a strong interest in the program which stresses moral values and de-emphasizes materialism. By turning first to the Jerusalem problem and placing stress on its spiritual aspects, it may be possible to enlist Saud's support for cooperation between Moslems and Christians first in the solution of that problem and, eventually, in the solution of the major problem of Palestine.

Conclusion

The above clearly shows the Saudi leaders' deep feeling of antagonism toward Israel. Their rigid attitude provides little area for compromise. They reject peace, and, as Saudi Arabia's concern with most of the specific problems involved (border rectifications, refugees, Jordan Valley development, etc.) is indirect, there is no real compulsion on its leaders to compromise for settlement of any of these points.

G. WADSWORTH

No. 930

984A.53/12-1054: Telegram

The Ambassador in Israel (Lawson) to the Department of State [1]

CONFIDENTIAL PRIORITY TEL AVIV, December 10, 1954—4 p. m.

494. Prime Minister separately saw British Ambassador and myself today at his request in Tel Aviv. He said purpose of conversation was that there would be no misunderstanding IG point of view re developments *Bat Galim* case.

Sharett said IG sees rather abrupt interruption SC proceedings as interim stage but is anxious US and GB know IG aim. Israel representative told by British, and he believes by US representative UN, best course was to have time to consider matter and take soundings Cairo and possibility influence Egypt release vessel.

He termed release proposals by GOE vague and he emphasized Israel's aim and main point of issue is to establish not a special privilege, but Israel's undisputed right to have its ships pass through canal under its own flag. He expressed the hope that US diplomatic efforts in Cairo were pointed this direction.

Israel, he said, would be patient and was not protesting reasonable delay for purposes mentioned but could not wait indefinitely; IG would not drop issue and did not want to let its cause go by default. He hoped US Government could let him know in a few days how Cairo *démarche* was progressing. There should be no misunderstanding, he repeated, as to Israel's aim, release of ship, crew, and cargo as a unit to proceed to its destination. He was grateful for Cairo effort but will welcome information as to how matters stand. IG will be guided by this information as to its next move.

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[1] Repeated to London and Cairo.

In answer to my query that IG then had no objection to the postponement, if for a reasonable time, Sharett agreed but said again Israel would not stay quiet indefinitely. If too many days went by, Israel would have to ask for another meeting of SC, but in reply to my question as to what he thought was a reasonable time to receive information, he indicated that about middle of next week should produce reply from British and US and IG would be guided by report on Cairo thinking. Eban, he said, would also be in touch US representative at UN.

In brief exchange of views following above, he said IG felt GOE could explain giving in on this case to their public on basis of being up against a combined and solid international front and acknowledgement freedom of passage was part of bargain for British evacuation. I made no comment. Regarding my reference to Arab League meeting in Cairo and possible relation to desired delay by GOE, Sharett said IG not completely blind to tactical considerations but could not accept a dragging out of case to better Egypt's position if that was to remain intransigent.

LAWSON

No. 931

684A.86/12-1154: Despatch

The Ambassador in Egypt (Caffery) to the Department of State

TOP SECRET
No. 1145

CAIRO, December 11, 1954.

Ref: Dept's CA-3378, Nov. 22, 1954.

Subject: Arab-Israel Settlement.

The following comments are in response to the five points set forth at the end of the Department's instruction under reference.

1. The elements of a final settlement between the country of assignment and Israel, irrespective of assessments of the possibility of moving at this time. A detailed statement is desired referring where appropriate to the specific objectives set forth above.

Egypt is far less concerned over the Palestine question than any of the other Arab States. GOE objectives for a final settlement would probably boil down to the following points:

a. A land connection between Egypt and Jordan. Present GOE thinking on this point seems to involve the cession by Israel of a strip cutting across the southern and eastern Negev from Aqaba to the Mediterranean eliminating any Israeli port on the Gulf of Aqaba. (The Egyptians seem to feel that Jordan would not be interested in port facilities at Haifa if the Gaza corridor were achieved.)

b. Disposal of the Gaza Strip and its refugees.

c. In general any settlement would have to have minimum acceptability to the other Arab States.

2. The pros and cons of attempting an across-the-board settlement supplementing the present step-by-step approach.

Egypt would probably go along with an across-the-board settlement acceptable to the other Arab States but would not attempt one in the face of their opposition. It is believed that even the suggestion of an across-the-board settlement at this time would frighten the GOE and probably diminish their enthusiasm for the step-by-step approach. At the moment they are fully occupied in eliminating the Moslem Brotherhood and will be very timid for a time even about new moves in the step-by-step approach.

3. General views on tactics including particularly the appropriateness of the Trieste technique.

The Trieste technique would seem to be the most hopeful way of attacking the situation. In considering this technique, however, the following thoughts may open up a useful supplementary tactic.

The Palestine refugees are a key group which must be taken into consideration in seeking a settlement. Not only is it true that their assent is essential, but it is equally true that the Arab Governments would have the utmost difficulty in negotiating and agreeing to as reasonable a settlement as the refugees themselves could accept. Consequently it is suggested that a hand picked and cooperative "Palestine Goverment" might be created to replace the shadowy and dubious existing "Government." Such a Palestine Government could negotiate on behalf of the Palestinians and would be able to make bolder and more realistic decisions than could the Arab Governments. Moreover, the latter probably could not, or at least would not feel obliged to sound off publicly with intransigent tirades in the name of the refugees against any settlement such a Government might agree to.

There are a considerable number of Palestinian refugees who accept the fact of the existence of Israel and who believe that it would be possible to select and set up such a Palestinian Government if the US and the UK were prepared to give them strong support. This would help meet the refugees' need for social cohesion. Such a move, in addition to the benefits already indicated, would also have the advantage of neutralizing to some extent those individuals such as the ex-Grand Mufti of Jerusalem who seek to sabotage every constructive move. Finally, it would help to diminish the feelings of hostility and distrust directed against the present Arab Governments by so many of the refugees.

a. Would approaches to individual Arab countries singly be preferable to simultaneous approaches to two or more of the Arab countries?

The possibilities inherent in the above suggestion could be explored in Egypt first. If the idea appears promising these preliminaries will open the way to further exploration, particularly in Jordan. In any event, approaches to individual Arab countries singly would appear to open better prospects than simultaneous approaches.

b. Under optimum conditions what timing would appear reasonable?

Assuming that the first approach would be made to Egypt as the most receptive country, the timing should be gauged in the light of the GOE's internal situation (particularly vis-à-vis the Moslem Brotherhood) and the state of its current relations with the other Arab States. The latter is important if absolute secrecy can not be maintained.

c. What would be the reaction if the initial approach is made through Egypt?

Other considerations aside, the GOE would probably accept being chosen for the initial approach.

4. What inducements from the US, UK or other outside countries would be most effective in the country of assignment? If economic or military aid is recommended, general estimates of the magnitude and duration would be helpful.

In the case of Egypt economic and military aid are recommended as inducements. A major problem is to help Egypt overcome its inferiority complex vis-à-vis Israel, particularly in the sphere of military defense. This would probably require two or three years of carefully selected military aid.

5. The usefulness of endeavoring to move forward simultaneously on area defense arrangements.

Efforts to move forward on area defense arrangements should be continued since there is hope that Egypt will come along in time and quite possible start a rush to get on the band-wagon. By giving the Arab States a sense of participation, and consequently of importance, their intransigent attitude towards Israel may be partially sublimated as their feelings of frustration diminish.

JEFFERSON CAFFERY

No. 932

684A.86/12–1354 Despatch

The Ambassador in Syria (Moose) to the Department of State

TOP SECRET
No. 227

DAMASCUS, December 13, 1954.

Ref: Dept's CA–3378, November 22, 1954.

Subject: Arab-Israeli Settlement

Summary

The Embassy is in general agreement with the specific objectives of an Arab-Israeli settlement set forth in the Department's CA–3378. Syria is not at present in a position to be influential on this problem, and in any case is unlikely to be attracted by the items listed in CA–3378 as inducements to undertake negotiations. The most effective inducements for Syria to undertake discussions would be (1) prior settlement with Israel by Jordan as well as Egypt; and (2) evidence that Israel will negotiate in good faith and recognizes that she must make some concessions in order to reach a settlement. On the question of timing, it would appear advisable not to broach the subject except with the United Kingdom until there has been time to evaluate (a) the consequences of the execution of the Moslem Brethren in Egypt; and (b) the degree of progress on area defense arrangements made during the Turkish Prime Minister's forthcoming visit to Iraq. Because of the complexity of the problem, and the harm to United States objectives if an attempt at settlement should fail, it is believed that, once a course of action along the lines of CA–3378 has been adopted, the United States, in conjunction with the United Kingdom, should be prepared to employ "unusual measures" if necessary to attain our objective.

[Here follows discussion in detail.]

JAMES S. MOOSE, JR.

No. 933

974A.56/12-1054: Telegram

The Acting Secretary of State to the Embassy in Israel [1]

CONFIDENTIAL WASHINGTON, December 15, 1954—10:12 a. m.
PRIORITY

334. Ur 494. [2] Advise PriMin USG position re right Israel shipping use Suez Canal remains unaltered. In case *Bat Galim* we have made and are making strong *démarches* to Egyptians both here and Cairo, but are not sanguine re possibilities obtaining complete reversal GOE position in this context. You may however assure PriMin establishment unrestricted right of Suez transit for Israel shipping is important US objective in NE.

Bat Galim incident has perhaps served demonstrate our previously expressed belief worthwhile progress this matter can best be made gradually and in a quiet atmosphere conducive to effective negotiation. Dramatic test cases can only hamper progressive relaxation Egyptian attitude on matter and it may well be such cases contribute to arousing emotions in Israel.

You should state we have some reason to hope for release vessel as well as crew and cargo. We further look forward to an increasingly effective response our efforts for total easing of restrictions on Israel shipping; a process which was interrupted by *Bat Galim* incident.

HOOVER

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[1] Repeated to Cairo, London, and New York.

[2] Document 930.

No. 934

684A.86/12-1754: Telegram

The Secretary of State to the Department of State

TOP SECRET PARIS, December 17, 1954—11 a. m.

Dulte 4. Eyes only Hoover. Secretary and Eden discussed Arab-Israel problem at dinner last night. At Secretary's request Shuckburgh gave brief résumé his impressions resulting from his recent trip. (With Eden's acquiescence, he gave us informally thirteen-page report, [1] as yet uncleared by Foreign Office, summarizing his personal impressions on Arab–Israel dispute and suggestions re a possible settlement. This is being airpouched to Ken Scott, S/S for appropriate distribution.)

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[1] Not printed. The text of Shuckburgh's report, entitled "Notes on Arab-Israel Dispute", is in S/S-NEA files, lot 61 D 417, "Alpha Volume 1".

After some further discussion, it was agreed that a U.S.-U.K. WG would be constituted about mid-January to discuss and endeavor to agree on plan for seeking Arab-Israel settlement. It was recognized that absolute secrecy is imperative and that British Embassy would discuss with Department where WG should meet and cover plan to avoid any publicity.

Jebb raised question of whether French should be informed of this exercise, but it was agreed that this would be unwise. Similarly, there was query whether Turks should be brought in, but it was agreed that in first instance talks must be confined to U.S.-U.K. and that absolute secrecy was imperative. It was recognized that at some subsequent stage others might be brought in to assist in a settlement, but this would depend on results of U.S.-U.K. conversation.

DULLES

No. 935

611.80/12-1754

Memorandum of Conversation, by the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

SECRET [WASHINGTON,] December 17, 1954.

Subject: United States Policy Toward Arab-Israeli Relations

Participants: Ambassador Abba Eban, Israel
Mr. Reuven Shiloah, Minister, Embassy of Israel
Acting Secretary Herbert Hoover, Jr.
Deputy Under Secretary Robert Murphy
Acting Assistant Secretary John D. Jernegan

Ambassador Eban began by referring to his previous conversations with the Secretary last Summer and Fall and said he had called this time to offer "reflections on familiar themes". These themes were (a) the security of Israel and (b) peace in the Middle East.

Since his last meeting with the Secretary in October, the Ambassador said there had been developments which were both encouraging and discouraging. On the negative side, Israel had noted no concrete steps to change the adverse situation created by America's policy of arming the Arabs and by the Anglo-Egyptian base agreement. Furthermore, Israel had noted a speech by the Syrian Prime Minister once again threatening Israel's extinction. Other discouraging developments included a recent turbulent period on the Israeli-Egyptian frontier, the seizure by the Egyptians of the *Bat Galim*, the Alexandria trial of Jews charged with espionage and a development of Arab League thinking looking toward a defense organization linked with the West but excluding Israel.

On the encouraging side, the Ambassador said Israel notes evidence that the Western Powers have a better realization of the reality of the threat to Israel's security. Many members of both parties of the British House of Commons had recently expressed their sympathetic understanding of Israel's exposed position. In the same debate Foreign Secretary Eden had made a very encouraging statement regarding the action Britain would take if necessary under the Tripartite Declaration of 1950 and Britain's policy of maintaining a military balance between Israel and the Arab States collectively. It was true that Mr. Eden's statement did not constitute a contractual obligation, but since he had made it publicly, Israel hoped he would be able to make it directly to the Government of Israel as well. Knowing the close cooperation among Britain, France and the United States on this subject, Israel hoped that all three countries could make similar official statements. There were other indications of the realization in several countries that Israel has a case in this security question. The Ambassador had had a conversation with the French Prime Minister who had shown his realization that the problem is real. A recent speech by the Solicitor General of the United States had likewise been encouraging. He had made four points:

1. That the Secretary of State was evaluating our policy in the Middle East;
2. That we understood Israel's feeling of insecurity:
3. That we thought we could take measures to allay these feelings; and
4. We hoped Israel would cooperate to this end.

This statement had had a calming effect in Israel by showing that the problem was not being ignored. At the same time, it had increased the expectancy of the people of Israel that something would be done.

The Ambassador interjected that some American newspapers attributed this increased awareness of Israel's problem to "non international factors". This was wrong.

In the Ambassador's view there were three immediate needs: First, to arrange a security guarantee to Israel; second, to maintain a balance of military strength between Israel and the Arab States; and third, to include Israel in any defense arrangements in the area. He thought we might be approaching the time when these needs could be resolved and Israel's security could cease to be the main subject of discussions between us.

He hoped that the resolution of this security question could be handled separately and eliminated before we went on to deal with the broader question of Arab-Israel relations. Israel had been pleased to note the great emphasis being placed in American statements on "peace" as a major objective of the United States in the Middle East. Israel would welcome any constructive and prudent initiative to solve some of the outstanding problems between herself and the Arabs. In this connection, the Israel Government had been interested in the recent visit of Mr. Shuckburgh and in his thinking on area matters. However, he had not said very much that was new or hopeful. The Ambassador feared that unless Britain and the United States had some further thoughts on the subject, we might get onto the wrong track. If we (presumably Britain and the United States) were to make suggestions calling for unilateral sacrifices by Israel, if Israel had to give up any of her extremely limited territory or repatriate refugees (thus creating an internal security problem), this would not lead to a solution but merely to a "running fight" between Israel and the United Kingdom and the United States, and to the maintenance of the *status quo*. The Ambassador hoped we would not adopt such a line.

Mr. Eban added that Israel did not wish to seem negative and thought she could be helpful in working toward a solution. Recently Mr. Eden had asked the Israeli Ambassador in London for suggestions. Ambassador Elath had been instructed to reply that Israel could offer a free port at Haifa for Jordan in return for a relaxation of the Arab boycott. This could be done even ahead of a general settlement. He had also suggested that Israel might arrange to pay compensation for lost refugee property in return for a lifting of the Egyptian blockade in the Suez Canal. (The blockade itself, by increasing Israel's financial costs contributed substantially to Israel's inability at present to pay compensation.) These were merely illustrations, Ambassador Eban said, and he was not authorized to make any proposals but settlement on the points he had mentioned would have great effect. He suggested that we tackle items of this kind rather than the extremely emotional territorial question.

In the meantime, the Ambassador went on, it was important to keep Arab-Israel relations from getting worse, especially in the case of Egypt. The Alexandria trial and the *Bat Galim* case held serious dangers. The Ambassador observed that he knew of the efforts we were making. He left the implication that we should do even more. He made the further remark that several maritime nations had indicated to Israel that they considered the *Bat Galim* case as of direct concern to them because it involved the right of freedom of navigation of international waterways.

The Acting Secretary thanked Ambassador Eban for his observations and proceeded to comment as follows, reading carefully from notes prepared by NEA for this purpose:

The Secretary's personal review of the Arab-Israel situation goes forward. It is to the interest of all concerned that these studies be pursued with due deliberation. He did not wish at this juncture to comment on Sir Anthony Eden's remarks. We are pleased to note that the situation as regards public opinion in Israel now appears somewhat calmer.

We have consistently held to the position that any military assistance which we may grant to the Near East states must be delivered under conditions whereby the security of Israel is not threatened.

We are continuing our efforts to persuade Egypt to conform with the SC resolution regarding the right of transit of the Suez Canal for all ships of all flags. We feel that there is a good chance of ultimately obtaining what Israel and other maritime states desire if we can have a quiet atmosphere to negotiate the gradual relaxation of the Egyptian restrictions. Israel should not crowd the issue and put Egypt publicly "on the spot".

We maintain our serious concern over the situation along Israel borders. We have in the past spoken to Egypt on this matter, not without some effect. We are prepared to do so again if we feel that the situation warrants such action.

Our Ambassador in Cairo has informally indicated to the Egyptian Government that Egypt's handing down death sentences to the accused eleven Jews could seriously affect the security situation in the area.

The Ambassador agreed that public opinion in Israel is now calmer. He attributed this partly to increased Israeli confidence in the UNTSO under the "statesman-like leadership" of General Burns, partly to the success of Ambassador Lawson in getting across the broader aspects of American-Israeli relations and partly to recent American statements such as that of the Solicitor General and the assurance that Israeli's problems had the personal attention of the Secretary of State.

He also agreed that the frontiers are more tranquil at this moment and said he did not suggest any new efforts by the United States in Egypt in this regard. He emphasized that an important element in the improvement on the frontiers is Israel's own contribution through a very purposeful policy of non-retaliation. Israel had shown restraint despite continued Arab provocations. Under the previous Israel security policy, these Arab provocations would have produced reprisals. The present policy of restraint is that of Prime Minister Sharett. There are elements in Israel which favor a more militant attitude. Ambassador Eban hoped the West would so act as to give support to the moderates.

The Ambassador concluded the substantive part of the conversation by referring to two instances in which Arab intransigence not merely blocked good relations between Israel and the Arab States themselves but also between Israel and third countries. One of these involved Israel's desire to save money by buying Iranian oil. Her relations with Iran, although not fully normal, were friendly and Israel could buy oil from that country. The difficulty was that Egypt probably would prevent its passage through the Suez Canal. The second instance involved a sale of twenty spitfire aircraft by Israel to Burma. The sale had been completed and the aircraft transferred to the Burmese flag. They were to have been flown to Burma by a British firm but those which had begun the journey had been held up in Beirut and Baghdad simply because they had originally come from Israel. This showed the extent to which the Arabs carried their boycott.

The Acting Secretary assured the Ambassador that he would report to the Secretary on their conversation as soon as Mr. Dulles returned.

No. 936

S/S-NEA files, lot 61 D 417, "Alpha Volume 1"

Memorandum of Conversation, by the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan)

SECRET WASHINGTON, December 17, 1954.

Subject: Proposed Talks on Arab-Israeli Settlement

Participants: Mr. Harold Beeley, British Embassy
NEA—Mr. Jernegan

Mr. Beeley came in with instructions from Mr. Eden to follow-up the talk Mr. Eden had with Secretary Dulles on December 16 on this subject. Specifically, Mr. Beeley was instructed to discuss the location, timing and "Cover plan" for the proposed Anglo-American discussions. He said it had been agreed by the two Secretaries of State in Paris that these talks should be held in early or mid-January.

I stated our views as follows:

1. Mid-January would suit us very well; we would probably not be ready to talk before that time.
2. Washington seems to us to be preferable to London as a location. It would lend itself more readily to a plausible cover story.
3. The cover story should be that Mr. Shuckburgh was coming to Washington for a general review of Middle Eastern problems with his new opposite number Assistant Secretary George Allen.[1] This would seem very natural and it would not be noticed if Mr. Shuckburgh actually spent most of his time talking to specialists in Arab-Israel Affairs. I explained further that we were thinking of assigning Francis Russell to full-time work on this project and that he would probably have the part-time collaboration of Ambassador Raymond A. Hare. If we sent those two men, both closely identified with the Arab-Israel question, to London, it would be very likely to arouse speculation.

Mr. Beeley agreed that there seemed to be much to be said for this argument and he promised to cable it to London. He observed however that the Foreign Office might find it very difficult to spare Mr. Shuckburgh for a trip to Washington. He had already been away from his desk some seven weeks and, unlike the American Assistant Secretary, he did not have a deputy who could take over in his absence.

Since it had a direct bearing on the substance, although not the procedure, of the operation we were discussing, I gave Mr. Beeley the essence of the presentation made by Ambassador Eban of Israel in his call on Acting Secretary Hoover this afternoon. (See separate memorandum of conversation.)[2] I pointed out that the Ambassador's statements seemed designed to warn us against making overall peace proposals and specifically against suggesting any territorial cessions by Israel.

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[1] George V. Allen was appointed Assistant Secretary of State of Near Eastern, South Asian, and African Affairs on Jan. 24, 1955, and officially entered on duty on Jan. 26, 1955.

[2] For Jernegan's memorandum of Eban's conversation with Hoover, see *supra*.

No. 937

974A.53/12–1754: Telegram

The Chargé in Israel (White) to the Department of State[1]

CONFIDENTIAL TEL AVIV, December 17, 1954—2 p. m.

514. Substance Deptel 334[2] was given orally to Prime Minister this morning. Sharett expressed his appreciation for the Department's message and said that he had one observation to make. If you look back at the evolution of the Suez Canal problem, you will conclude that if Israel had done nothing the result would have been a complete hardening of the Egyptian position and a complete embargo on the movement of goods between Israel and the east. Instead, Israel by recurrently raising the issue of free passage had succeeded in making some progress, as evidenced by the two-way movement of goods between Israel and East Africa, an achievement which the Egyptians in the current debate point to with pride. If the Suez Canal issue had not been raised from time to time this progress would not have been possible.

In reply I said I had been impressed by the views recently expressed by his colleagues (Lavon and Herzog) that an accommodation between Israel and Egypt was the key to an ultimate Arab-Israel settlement, but that on the other hand, I was equally impressed with the thinking of our people in Cairo and Washington that while no one could be sure that such an accommodation was possible, it was clearly impossible as long as issues between the two countries were receiving so much publicity and public attention in each country. If progress were to be made it would have to come during a time period when Israel disappeared from the headlines of the Egyptian press and vice versa.

Sharett replied that if the *Bat Galim* could proceed on through the canal, we "could be assured of a long period of lull".

In closing the Prime Minister referred to the fact that while the Department's message held out hope of the release of the *Bat Galim*, it contained no expectation that the vessel would be permitted to proceed through the canal. He then said that if nothing happened he "guessed that Israel would have to raise the case again in the Security Council next week".

He cited the reference made by the Department to arousing the emotions in Israel and said "You can imagine the emotions here which would be directed at me if we were to allow the *Bat Galim* case to dangle in air".

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[1] Repeated to Cairo and London.

[2] Document 933.

WHITE

No. 938

684A.85322/12-2054

Memorandum Prepared in the Department of State [1]

SECRET WASHINGTON, December 20, 1954.

CURRENT STATUS OF JORDAN VALLEY NEGOTIATIONS

When Ambassador Johnston left the Near East in June, 1954, the position was substantially as follows:

1. Both the Arabs and the Israelis had indicated acceptance of the principle of unified valley development, recognizing the larger benefit to be derived from a comprehensive approach. In general, the attitude on both sides was constructive.
2. No agreements had been reached with either side, Ambassador Johnston having deliberately left the situation as fluid as possible in order to permit further negotiation. However, during the second-round discussions, the positions of the respective parties on main issues had been clarified; and on most of the essential questions there had been indications that differences between the parties could ultimately be reconciled.
3. One of these was the question of using Lake Tiberias as a central storage facility for the Valley. While the Arabs were reluctant to put their water into an Israeli lake, it was understood that they would agree to do so provided the total plan allowed for "safety" storage on the Yarmuk and adequate neutral controls over the distribution of water from Tiberias. Ambassador Johnston indicated that he felt these Arab conditions could be met.

The Israelis were even more reluctant to utilize Tiberias as a central reservoir because they felt that "international supervision" of the Lake would impinge upon Israel's sovereignty. Their position revealed the political hazard of any undertaking which might be interpreted as a relinquishment of Israel's control over Tiberias. However, they stated that if and when necessity dictated the use of Tiberias as part of a total valley program, they would be favorably disposed, provided the control mechanisms were not of such a nature as to affect Israel's sovereignty. Ambassador Johnston indicated that he thought this condition could be met.

(On the question of storage in Tiberias, it might also be said that both sides perceive certain physical arguments in favor of using the Lake. Jordan needs Tiberias water to accommodate its total area of irrigable land; Israel needs fresh water from the Yarmuk to help compensate for upstream waters which now dilute the saline waters of the Lake itself.)

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[1] Drafted, by George Barnes of the Foreign Operations Administration; Oliver L. Troxel, Jr., of the Office of Near Eastern Affairs; and Arthur Z. Gardiner, Politico-Economic Adviser in the Bureau of Near Eastern, South Asian, and African Affairs.

4. Another question involved the nature of "international supervision" over the valley system. Here the difference in position was essentially one of degree, the Arabs being inclined toward a more elaborate mechanism and the Israelis toward minimal controls on a technical level. Both parties, having accepted the principle of unified valley development, however, were willing to concede that some form of control machinery would be necessary. Ambassador Johnston indicated that he believed a method of control acceptable to both sides could be evolved.

5. Another of the main issues involved Israel's right to divert water from the basin to other irrigable areas. Arab opposition was very firm on this point and there was no overt concession during the discussions; but Ambassador Johnston received substantial private indications that the Arabs would ultimately ease their opposition sufficiently to make an agreement possible.

Israel, on this point, was, of course, insistent, claiming that the arbitrary limitation of Israel's share of the River to the lands inside the basin would deprive her of the right to use those waters more economically and beneficially elsewhere.

Ambassador Johnston had taken the initial position that once a division of the waters was accepted, Israel's right to use her share where she pleased could not be contested. He maintained this position throughout the discussions.

6. The most difficult question which evolved during the second-round discussions was that of dividing the available waters. The Arabs indicated that they would accept for Jordan an amount approximating that proposed in the main report, plus additional increments for Lebanon and Syria. The Israelis agreed to the Arab proposals for Lebanon and Syria but refused to accept the main figures as the basis of division between Israel and Jordan. Ambassador Johnston, after exploring the question on both sides, indicated that he would, in due course, return with a proposal which might be acceptable on both sides.

Finding the basis for such a water division has therefore been the primary preoccupation of Ambassador Johnston and his staff since his return. During this period, considerable effort has been made to obtain precise information with respect to water availability and needs; and, quite independently of the Johnston mission, land classification surveys in Jordan have progressed virtually to the point of completion. When available as promised by mid-January, Baker/Harza land classification maps will definitively and finally furnish the factor of irrigable areas that can be economically served by Jordan/Yarmuk waters. Unit requirements have been determined by Baker/Harza and confirmed by Criddle. They call for 1260 cms per dunam in areas north of the Wadi Zerka, and 1588 cms per dunam south of the Wadi Zerka, as the requirement for diversion of river water. These quantities make allowances for losses in transit. They will support the perennial cropping patterns proposed in the UNRWA report on the Valley's potential.

Also, in general, certain significant developments have occurred since Mr. Johnston's June visit. Arab interest in the plan is undiminished. Jordan Valley development was advocated by the Lebanese delegate in a speech to the General Assembly. Jordanian interest in reaching an accepted division of the waters has been stimulated by recent Israeli diversions from the lower Jordan. In recent private conversations, the Jordanian Foreign Minister has voiced his desire to see work on the Jordan-Yarmuk put in hand. In Israel, our Embassy has reported that Israeli officials have come to realize that an agreement is not only desirable but necessary if Israel is to proceed with its own water development plans, and escape from its predicament at Jisr Banat Yaqub.

Taken together, these developments appear to indicate a reasonably favorable climate, and it is Ambassador Johnston's plan to bring his mission to a conclusion during the forthcoming talks in January and February.

In the meantime, Embassies may follow one or several of the following preparatory lines:

1. In Jordan, the Baker/Harza findings as to unit water requirements should be made known through technical channels. At the right time, WRD might plant the idea that the consultative services of Calvin Davis and R. Johns might be useful to Jordan during the Johnston negotiations.
2. Embassy Damascus should use its ingenuity to encourage Syria to be constructive. Syria will most likely get all the water Syria has requested, and Yarmuk power, although the KWHs that Syria might secure are still undertermined.
3. In Egypt, Selim should be advised of the water requirements per dunam indicated above. Continuing support of the plan on both the technical and political levels is of utmost importance.

As to tactics with respect to Ambassador Johnton's visit, it has been determined that Baker/Harza will submit an interim report to the Jordanians no later than January 15. This will indicate to the Jordanians the areas of land that can be economically served in the Jordan Valley by Jordan-Yarmuk waters and the water requirements necessary for this purpose. Despatch of this information, which will be hand carried to Amman, is timed for January 15. To make it as clear as possible to the Arabs that these figures have not been influenced by discussions with the Israelis, Mr. Johnston will let a week elapse before he follows with his visit to the area. This is now timed for January 23. A stop at an intermediate point, probably Athens, has been fixed to enable conferences to be held between Mr. Johnston and Mr. Labouisse of UNRWA. Thereafter, Mr. Johnston is scheduled to visit Israel from January

26 to February 1 to endeavor to obtain tentative but not final Israel agreement to an allocation of water and Israeli acceptance of a control plan and storage of Arab waters in Lake Tiberias. Then Mr. Johnston will meet with the committee, either in Beirut or Cairo, and explain our proposals for the division of waters and their control. Time would then be allowed for transmission of the views of the Arab committee to the heads of the various Arab governments. Mr. Johnston would call at Beirut, Damascus, Amman and Cairo. The purpose of these calls would be to obtain final acceptance of "heads of agreement" on the political level. If such agreements are secured, Mr. Johnston would return to Israel to secure Israeli agreement to a similar document. Mr. Johnston's other commitments require him to be in the United States on February 26.

No. 939

Editorial Note

In accordance with the desire of Secretary Dulles and Under Secretary Hoover to keep the distribution of communications about the proposed Arab-Israel settlement to an absolute minimum, the Acting Assistant Secretary of State for Near Eastern, South Asian, and African Affairs, John D. Jernegan, suggested in a memorandum dated December 20 to the Director of the Executive Secretariat, Walter K. Scott, that the distribution of these materials within the Department of State should be restricted to the following: three copies for the Executive Secretariat to enable it to maintain a basic file as well as to provide the Secretary and the Under Secretary with individual copies of each document; one copy for the information of Deputy Under Secretary of State Robert Murphy; and three copies for the Bureau of Near Eastern, South Asian, and African Affairs to enable it to maintain a basic file as well as to provide one copy for the joint use of the Assistant and Deputy Assistant Secretary and one copy for the files of Francis H. Russell. To facilitate the distribution of these materials, Jernegan also suggested that these documents be captioned "Limited Distribution—Alpha". (NEA files, lot 59 D 518, "Washington Talks, Jan.-Feb. 1955: Memos, etc. preceding actual meetings (Dated 11/15/54 thru 1/27/55)")

Scott approved Jernegan's suggestions and issued appropriate instructions on December 21. (Memorandum by Walter K. Scott to Paul E. Pfeiffer, Chief of the Telegraph Branch, and to Walter H. Anderson, Chief of the Records Branch, Office of Communications and Records; S/S–NEA files, lot 61 D 417, "Alpha Volume 1") On December 21, Scott also approved the transmittal of instructions to the Chiefs of Mission at Amman, Ankara, Baghdad, Beirut, Cairo, Damascus, Jerusalem, Jidda, London, and Tel Aviv informing them that thenceforth any communications regarding the Arab-Israel settlement should be classified Top Secret, captioned Limit Distribution, given the code word "Alpha", and should receive minimal circulation within their missions. (Circular telegram 319, December 21; 684A.86/12–2154)

No. 940

984A.53/12–2154: Telegram

The Secretary of State to the Embassy in Egypt [1]

SECRET WASHINGTON, December 21, 1954.

932. Murphy called in Egyptian Ambassador morning Dec 20 stating US concerned situation it will face when SC resumes consideration *Bat Galim* case and seeking by friendly means solution which will remove embarrassment in US-Egyptian relations. Suggested sending *Bat Galim* through Canal under guard (on some pretext such as need for further examination) before releasing it. Said US has reason believe if *Bat Galim* allowed transit Canal we could be reasonably assured long period lull without other test cases.

Ambassador Hussein replied had anticipated subject of conversation and telephoned Nasir explaining US difficulties including commitment to 1951 resolution. He had strongly advocated release of ship. Believed could assure US Nasir will be able within relatively short time effect release of ship to return to original point of departure. Hoped action would remove reason for US support Israeli case by US and other powers. Emphasized in view current public feeling impossible permit ship transit Canal. Said propaganda leaflets have accused Nasir carrying out secret peace negotiations with Israelis.

Department commented release ship a step in right direction but questioned whether sufficient prevent Israel pressing issue SC. Israelis interested in principle freedom of Canal. Freedom of seas always been basic in US policy.

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[1] Repeated to Tel Aviv and London.

Egyptian Ambassador referred Azmi's statement Israel getting three times the tonnage through Canal this year as last saying Eban has never refuted it.[2]

Suggest Embassy Cairo raise with Foreign Office procedures suggested for passage ship through Canal and point out again our understanding long period lull might result following transit of ship. Israel afternoon Dec 20 requested SC meeting. FYI We trying forestall meeting for week or two (if possible until New Zealand assumes SC Presidency) basis we continuing discuss with GOE.

DULLES

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[2] A memorandum of this conversation is in file 674.84A/12-2054.

No. 941

NEA files, lot 59 D 518, "Washington Talks, Jan.-Feb. 1955: Memos, etc. preceding actual meetings (Dated 11/15/54 thru 1/27/55)"

Francis H. Russell to the Chargé in the United Kingdom (Butterworth)

TOP SECRET WASHINGTON, December 21, 1954.

DEAR WALT: I am enclosing a letter which I would appreciate your passing along to Shuckburgh unless, of course, you see some objection in this procedure, in which case I hope you will give him its contents orally.

Our thinking at this date is still so fluid with respect to our tactics on the problem that I thought it unwise to be more specific than I was in the letter to Shuckburgh. I will make every effort to keep you au courant as, hopefully, we make some progress toward formulating our views.

Both the Secretary and Mr. Hoover have voiced to me personally their great concern that as near complete secrecy as possible be maintained. As one means toward this end we have set up the "Alpha" code word to limit distribution of all documents pertaining to the project. The code is, however, only for our own use and we are not informing the British of it.

It was good seeing you again in London and I am looking forward to an early renewal of our discussions.

Sincerely,

FRANCIS H. RUSSELL

P.S. I expect shortly to be designated as a Special Assistant to the Assistant Secretary for Public Affairs. This is purely for cover purposes. Ostensibly I will be advising Carl McCardle on foreign policy aspects of USIA programs.

[Enclosure]

DECEMBER 21, 1954.

DEAR SHUCKBURGH: Secretary Dulles yesterday on his return from Paris filled me in on the discussions there and asked me to assume the responsibility here in the Department of reviewing the Israel-Arab relations problem, of formulating some ideas for bringing about a settlement, and of discussing with you the development of a common approach. Raymond Hare, until recently our Ambassador in Lebanon and a long-time expert in the area, presently Director General of our Foreign Service, has been asked by the Secretary to assist on this problem and at a later date may be able to devote more time to it. George Allen has just assumed his new responsibilities as Assistant Secretary for Near Eastern, South Asian and African Affairs and I will be going over the problem with him this coming week.

It is impossible to state now just how soon I will be in a position to meet with you. I would hope it might be sometime between the latter part of January and the middle of February. One factor that weighs heavily with us is that nothing be done which will endanger Eric Johnston's visit to the area between January 23 and February 26 on the Jordan development project.

In any event I will be in communication with you early in January either through your Embassy here or through Walt Butterworth concerning the progress of our thinking here and a date for our discussions.

I have read with great interest your memorandum report to Sir Anthony on your impressions from your trip through the area. I was impressed by how effectively you went to the heart of the problem.

We share your strong desire to maintain absolute secrecy on this effort and have taken the most stringent measures to prevent leaks. It is already evident that it is too much to hope for 100% success. Just this morning the Minister of the Israel Embassy here went on a fishing expedition concerning general reports of UK-US diplomatic activities on this front. Walt Butterworth will undoubtedly have informed you of the contents of a telegram[1] in which we informed him of the general response we are making to inquiries.

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[1] In telegram 3295 to London, Dec. 18, the Department of State informed the Embassy that, in response to inquiries about American and British diplomatic activities, the Department intended to reply that the United States had been and would continue to be in constant communication with other governments interested in promoting security and lessening tensions in the Middle East, and that, pending the achievement of a formal peace, the United States was constantly searching for arrangements that would help resolve specific problems and would contribute to the area's economic development. (684A.86/12-1854)

I am thoroughly aware of the well-nigh insuperable difficulties that lie ahead of us but it is obvious that the surest road to a defeat would be inaction.

I am looking forward to seeing you early in the New Year,

Sincerely,

FRANCIS H. RUSSELL

No. 942

684A.86/12–2354: Despatch

The Ambassador in Jordan (Mallory) to the Department of State

TOP SECRET AMMAN, December 23, 1954.
LIMITED DISTRIBUTION ALPHA
No. 208

Ref: Department's Instruction CA–3378, November 22, 1954

Subject: Approach to Settlement of Palestine Problem

The Department's very interesting instruction on an approach to settlement of the Arab-Israel problem has been read with high interest. It is germane and timely. Due to a series of circumstances, a reply was not prepared prior to the Regional Economic Conference for the Near East held at the American Embassy in Damascus on December 14–16. At that meeting, an extensive discussion of the Palestine problem took place. Possible approaches in general, specific inhibiting factors and problems in individual countries were reviewed. Because of that discussion, participated in by Ambassador George Allen, this reply will be brief. With respect to any approach at this time, it is believed that an effort may well be made during the next six months. With the settlement of attention-catching disputes in other places, failure to approach this one which now looms so acute would raise questions on the sincerity of our motives and on the quality of our international leadership.

There are certain minima which are precedent to a successful outcome. Some should be devised or contrived before an approach is made; some should be ascertained in advance, or at least estimates made. As viewed from Jordan, they are:

(1) Determination or taking the risk that Israel will, in fact, conclude peace;

(2) Realization by Israel that she must agree to the principle of repatriation even realizing that few, if any, Arabs would return and remain in Israel;

(3) Some sort of compensation for Arab properties;

(4) Promote and engender Egyptian leadership in the matter, even to the extent of pushing her to a separate position in the Arab world;

(5) A determined and coordinated course of action on the part of the United Kingdom and the United States, and the virtual exclusion of the French.

These are mostly self-explanatory and self-evident. In addition, there are matters which could greatly help in concluding a settlement even though they might not be indispensable. They are:

(a) Progress on the negotiations for the unified development of the Jordan Basin. Such progress would assist in the settlement and should be undertaken prior to the general approach. Knowledge that a general approach were to be undertaken might result in holding off in order to use the Unified Plan as a pawn in the bargaining.

(b) The adherence of Iraq to the Turkish-Pakistan Pact. The indirect effect of this move on the members of the Arab League should be wholesome.

(c) Quiet on the Israeli-Jordan borders. It would be most desirable that Israel be informed that acts of armed forces or armed retaliation will be viewed severely—perhaps in a financial sense. Moreover, the Israeli posture on the border may be carefully watched during negotiations as an earnest of good intentions of Israel, which has been known to stir up the border just as the Arabs were about to take a constructive step.

With respect to timing, it is desirable that the negotiations of Ambassador Eric Johnston proceed even decision with the British of a timetable [*sic*]. That much probably would become known to the Israeli Government. Certainly there should be no thought of approaches to any government on this matter until after Ambassador Johnston has given the Arabs and the Israelis an opportunity to accept international cooperation or to refuse it. Further, it would be desirable to wait for a few months or at least wait until the Spring of 1955 in the hope that Turkish discussion with the Iraqis may result in adherence of Iraq to the Turkish-Pakistan axis. At that time it would be desirable to again scan the troubled Palestinian horizon for a timetable.

As far as Jordan is concerned, inducements either of the carrot or the stick type are not likely to be of much avail. The Jordanians are concerned primarily with questions of principle, face, and hurt pride, and economic or military aid granted or withheld would not loom large in their evaluation. Indirect influence with the British certainly would be stronger than from the United States directly but that alone does not suffice. Some public indication that Israel might have just perchance been slightly wrong at some time would be of far more value than large sums of aid. With respect to financial aid, per se, quite apart from the influence it might have on Israeli public opinion, the Jordanians (at least, the daily press) would be quite as happy to see aid to Israel reduced as for Jordan to receive it. Inducements to a settlement are primary points (2) and (3) mentioned above as precedent. All others fall into a secondary and more negotiable category. There are indications that some of the principal leaders of Jordanian political life are becoming weary of the present situation and have expressed privately the realization that some end or settlement must eventually ensue. Always, however, there is in the background, either voiced or taken for granted, that repatriation must be recognized and compensation given.

With respect to the specific objectives cited in the reference instruction, my reaction is as follows:

1. This appears sound. If there is to be any peace ever, it must be between Jordan and Israel. Leading to that peace, Egypt could be and probably should be the primary mover and force. In that connection, such matters as economic or grant military assistance which would have little influence in Jordan might be of importance to Egypt. With Egypt–Jordan–Israel more or less concurring, it is felt that Jordan would welcome Lebanon's participation.
2. Permanent recognized boundaries for Israel will be a difficult pill for Jordan to swallow, but it is implicit in any form of peace and can probably be arrived at. There will need to be certain frontier rectifications.
3. The problem of security on the border and control of infiltration has an inflated value in the eyes of the protagonists. If there is supposed to be a peace arrangement, both sides should be willing to forget the problem of infiltration and accept a certain amount of crossing and sheep stealing as fulfillment of the remark by the Frenchman that human nature is still very prevalent.
4. Termination of the Suez Canal blockade and of the Arab secondary boycott can likewise be achieved. Should we not also seek termination of the Arab primary boycott? Certainly it should be a considerable inducement to Israel to have Arab markets open for her produce and transit trade and, likewise, Jordan should welcome (even though she may not promptly realize the advantage of) the Israeli market for agricultural products from the Jordan Valley. This could, of course, come at a later date.
5. This has elsewhere been discussed.
6. This has elsewhere been discussed.
7. I am not sure what is meant by this caption. Other Arab States apparently would be glad to have Jerusalem internationalized, but Jordan would not. It happens that the Old City of Jerusalem is a part of Jordan under the sovereignty of its King. This doesn't mean so much to the Jerusalemite, especially the Christian inhabitants, but I can foresee no successful negotiation for peace which attempts in any way to divide Jerusalem from the Kingdom of Jordan. Such being the case, there would appear to be no place for an international authority limited to the holy places. The holy places are pretty much in the Old City, unless one includes Nazareth, parts of Galilee, etc., and this is probably not meant.

The weapons ban is worthwhile if the Israelis will agree to it together with United Nations supervision and inspection on Mt. Scopus which the Jordanians now feel, probably correctly, has been fortified. Mt. Scopus, be it not forgotten, is the key to the tactical situation of the whole of the Jerusalem area.

8. Desirable.

9. As pointed out above, it is desirable that agreement on the unified development of the Jordan Valley be achieved before over-all negotiations. If not, then it should form a part of the over-all peace since an old-fashioned water fight could break out at any time. It need not be a condition precedent to settlement, but its absence certainly could be a disturbing factor.

With respect to the final point on page 2 of the Department's instruction, it would be fruitful to achieve progress on area defense arrangements and a series of bilaterals linking certain Arab States. Turkey and Pakistan deserve primary consideration. This is from the positive standpoint. If Egypt can be brought along not to oppose such arrangements, it will be desirable. On the negative approach, Arab activity looking towards implementation or reinforcement of their common defense mechanism should be frustrated as it can only be an impediment to our larger aims.

The Department's tentative thinking that the best tactics would be a combination of a present step-by-step approach with an across-the-board effort would appear to be the only one at this time. It must be realized that there have not been many steps, and those have been purely within the field of policy decisions by the United States. We do not appear to have succeeded in causing any steps to be taken by either Israel or the Arabs. Nevertheless the improved, if still unspoken, attitude extant may be considered part of this approach. An across-the-board arrangement in combination with the British will be desirable although the actual negotiating techniques may require a long series of steps and bargainings. In this respect, it is to be recalled that although the word is nowadays applied primarily to the Jew that the Arab is also a semite.

It is agreed that the first approach should be to Egypt. In this respect I believe Egypt's demonstrated determination in dealing with the Moslem Brotherhood in the face of dismay and reluctance in other parts of the Arab world may well promote a position of Egyptian leadership and determination. There are those who judge that, on the contrary, Egypt may feel that having gone so far in the Moslem Brotherhood matter, she would not wish soon to again earn Arab displeasure. My personal experience with dictatorial-type governments would lead me to place credence in the former interpretation.

Concerning tactics, the Trieste technique would appear as appropriate as any. Certainly direct contact with Israel cannot be made by Jordanians—that is, if they wish to be alive the next morning. Even the Trieste technique poses problems for the Jordan Government and will probably increase the peril to the Prime Minister's life. Indirect negotiations through either the United States or Great Britain would arouse too many troubles to be entertained. Probably approaches to individual Arab countries would be preferable to simultaneous approaches to two or more of them. However, it would seem that if the initial approach is to Egypt and Israel appeared at all fruitful then Jordan should be brought into the matter fairly promptly. It might also be desirable to bring Lebanon in subsequently, especially if it appeared that she might be a moderating influence. If Egypt would move towards a settlement, her example and leadership would be very important. Jordan dares not move alone or initially, but possible might follow Egyptian leadership. The question of timing as set forth appears a little too soon and a little too precise. As previously indicated, it should be delayed for the Unified Plan and Iraqi defense discussions.

There would not appear to be inducements which might be offered by the United States or the United Kingdom to Jordan. Those inducements must come from Israeli willingness to move. Assurance of a longer term aid program would be some inducement, but it must be supplement to, and could not replace, the matters of principle.

With specific regard to Jordan, I do not see that moving forward simultaneously on area defense arrangements would be of much assistance. It might be of help with respect to Egypt, Iraq, etc. However, the negative effect of movement toward a common Arab defense scheme could be of importance and should be avoided.

L. D. MALLORY

No. 943

984A.53/12-2354: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET PRIORITY CAIRO, December 23, 1954—3 p. m.

828. ReDeptel 932. [2] Riad has just informed Embassy officer he is drafting telegram to be sent Loutfi today instructing him to notify in writing all members SC that crew *Bat Galim* will be released January 1 and that ship "will be released".

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[1] Repeated to Tel Aviv and London.

[2] Document 940.

Riad explained that crew will be released at kilo 95 Gaza strip and ship will be released "to the south". Asked if any instructions had been sent to Ambassador Hussein re question passage through Canal Riad said "there is no need since he knows our position that no Israeli vessel can go through Canal". [3]

For your information: Idea sending ship through Canal under guard or other pretext was suggested when case first arose, was considered at highest level and rejected. Since then no GOE official here has ever given slightest indication of possibility changing this decision which Embassy considers final. End for your information.

Re cargo Riad emphasized that delay its removal entirely due Israelis.

Re SC meeting Riad guessed it would take place first days January and added "let's dispose of this question then".

CAFFERY

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[3] The Egyptian Representative at the United Nations informed the President of the Security Council on Dec. 23 that Egypt would release the crew of the *Bat Galim* on Jan. 1, 1955. (U.N. doc. S/3335)

No. 944

984A.53/12-3054

Memorandum of Conversation, by the Deputy Under Secretary of State (Murphy)

SECRET WASHINGTON, December 30, 1954.

Subject: *Bat Galim*

Participants: Mr. Eban, Ambassador of Israel
Mr. Shiloah, Minister of Israel
Mr. Murphy—G
Mr. Jernegan—NEA
Mr. Popper—UNP

The Israeli Ambassador called late today to request the United States to make a further approach to the Egyptian Government in the matter of the *Bat Galim*. He stated that the Israelis had the impression that the Egyptians would deposit the crew of the *Bat Galim* on the Gaza-Israeli border on January 1, despite the unwillingness of the Mixed Armistice Commission to assist in their repatriation. Before that step was taken, the Ambassador hoped we would inform the Egyptians that if the *Bat Galim* were moved through the Canal, even with an Egyptian crew, and released to its own crew at the north end for completion of its voyage, Israel would abandon the current proceedings in the Security Council and would refrain for some period of time from attempting to pass Israeli vessels through the Canal. Thus while Israel was not relinquishing its legal rights, a period of relaxed tension would ensue during which a general accommodation of this and other issues would be sought, perhaps with the assistance of third parties. However, if the Egyptians refused to permit the completion of the *Bat Galim's* voyage Israel would be compelled to continue to press for its rights both in the Security Council and by attempting to exercise its right of free passage with its shipping.

Mr. Jernegan mentioned a reported Egyptian broadcast indicating that the *Bat Galim* had been released by an Egyptian prize court on condition that it would not enter the Suez Canal Zone and stating that the ship could weigh anchor on December 29 or 30 with its entire crew. Messrs. Eban and Shiloah thought that even if this information were accurate, it should not be impossible for the Egyptians to find some way to release the ship to the north.

I agreed to convey the proposition made by the Israelis to the Egyptians, although I pointed out that the Egyptian Government might very well believe it more important to cater to domestic opinion by preventing the *Bat Galim's* transit than to end Security Council debate and future controversy by passing the ship through the Canal.

(Approach to Egyptians conveyed in Department's telegram 994 to Cairo, December 30.)[1]

ROBERT MURPHY

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[1] *Infra.*

No. 945

984A.53/12-3054: Telegram

The Secretary of State to the Embassy in Egypt[1]

SECRET PRIORITY WASHINGTON, December 30, 1954—7:25 p.m.

994. Please urgently convey following to GOE: Department has been reliably informed (in your discretion you may say officially informed by Israeli Embassy) that if *Bat Galim* were moved through Canal, even with Egyptian crew, and released to its own crew at Northern end, Israel would drop present Security Council complaint and would refrain for some period of time from attempting to pass Israeli vessels through Canal. We think this worthy serious consideration by GOE since it would assure them of quiet period.

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[1] Repeated to New York and Tel Aviv.

Otherwise we fear continued harmful discussion in Security Council and repeated incidents similar to that of *Bat Galim*.

FYI Israelis understand Egyptians plan to put crew across Gaza frontier January 1 and say if this is done it will greatly impair possibility quiet settlement this matter. We realize unlikely Egyptians will respond this suggestion but believe important we do not neglect any possibility avoiding further dispute. Request prompt report. End FYI.

DULLES

No. 946

984A.53/12-3154: Telegram

The Ambassador in Egypt (Caffery) to the Department of State [1]

SECRET PRIORITY CAIRO, December 31, 1954—3 p. m.

867. Re Deptel 994. [2] Message conveyed Riad this morning persuasively as possible. He said it was out of question for ship to pass canal in any way explaining "Arabs already attacking GOE because we are releasing crew and ship and accusing us of trying make peace with Israel and we are not ready for more demonstrations against us. Release ship is contrary law of February 6, 1950 and we are making big concession to try reduce tension".

Riad then told Embassy officer in confidence he had sent Loutfi instructions yesterday to announce in SC on January 4 that cargo can be taken thru canal on any neutral ship and to suggest that arrangements for release of ship be discussed in MAC. Riad added he hoped all GOE legal arrangements for release ships would be completed by January 10. Re crew Riad said he will go ahead with plans release them at kilos 95 tomorrow. Gohar trying hard to get foreign newsman attend release but having little success due holidays. In absence neutral witnesses Gohar will get crew members sign document acknowledging release to prevent "any Israeli trick".

CAFFERY

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[1] Repeated to London, New York, and Tel Aviv.

[2] *Supra.*

Index for Parts 1 and 2 appears at end of Part 2

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